

**FSA**  
**HANDBOOK**

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CCC Cotton Authorized Loan Servicing  
Agent Program

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For Authorized Loan Servicing Agents

SHORT REFERENCE

22-CN  
(Revision 2)

UNITED STATES DEPARTMENT OF AGRICULTURE  
Farm Service Agency  
Washington, DC 20250



UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency  
Washington, DC 20250

**CCC Cotton Authorized  
Loan Servicing Agent Program  
22-CN (Revision 2)**

**Amendment 2**

**Approved by:** Acting Deputy Administrator, Farm Programs



**Amendment Transmittal**

**A  
Reasons for  
Amendment**

Subparagraphs 3 A and B were amended to remove obsolete policy.

Subparagraph 12 B was amended to require submission of contact person data.

Subparagraph 13 B was amended to require annual submission of computer generated forms.

Subparagraph 20 F was amended to provide policy on distribution of FSA-211's that are prepared by LSA's.

Subparagraph 24 D was amended to clarify CCC-605 policy.

Subparagraphs 25 A and B were amended to provide policy on FAXed signatures for CCC-605.

Subparagraph 28 B was amended to clarify beneficial interest policy.

Subparagraph 36 A, steps 1 and 9 were amended to remove obsolete policy and the reference to Fields 31 and 32 in ACRS. See 21-CN for information about Fields 31 and 32 in ACRS.

Subparagraph 37 E was amended to clarify the documents received date.

Continued on the next page

## Amendment Transmittal (Continued)

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### A

#### Reasons for Amendment (Continued)

Subparagraph 38 C was amended to remove reference to APSS.

Subparagraph 41 A was amended to clarify that LSA's cannot disburse loans on seed cotton.

Subparagraph 52:

- E was amended to clarify that CCC-605 or CCC-605-1 must be dated as well as signed by designated producer agents
- F was amended to clarify certificate exchange policy.

Paragraph 54 was amended to add policy and examples of notification and demand letters to collect charges due on forfeited loans.

Paragraph 78 G was amended to provide that module spot check results are submitted to PSD.

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## Part 1 General Information and Administrative Provisions

### 1 Purpose and Authorities

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#### A

##### Handbook Purpose

This handbook provides instructions to LSA's for administering the:

- Cotton Loan Program, which includes upland and ELS cotton
  - Cotton LDP Program
  - recourse Seed Cotton Loan Program.
- 

#### B

##### Authority and Responsibility

PSD has the authority and responsibility for the programs prescribed in this handbook.

---

#### C

##### Sources of Authority

Following are the sources of authority for the Cotton Loan, Cotton LDP, and the recourse Seed Cotton Loan Programs:

- the Agricultural Act of 1949, as amended
  - the Federal Agriculture Improvement and Reform Act of 1996, as amended
  - the Commodity Credit Corporation Charter Act, as amended
  - 7 CFR Part 1427.
- 

#### D

##### Related Handbooks

FSA handbooks, which LSA's should have, related to the cotton loan and LDP program include the following:

- 1-CM for common provisions relating to signature requirements, power of attorney, and assignments
  - 2-CM for common farm and program provisions
  - 1-CMA for producer eligibility and PLM instructions
  - 7-CN for basic cotton loan and LDP program requirements
  - 21-CN for ACRS requirements and PLM repayment procedures
  - 20-FI for cotton loan CCB procedures and requirements
  - 50-FI for CCC interest rates.
-

## 2 CCC and FSA Responsibilities

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### A

#### Executive Vice President, CCC Responsibilities

Executive Vice President, CCC or designee shall:

- determine policy and program provisions
  - make determinations on program questions
  - revise or rescind incorrect determinations made by designees.
- 

### B

#### DAFP Responsibilities

DAFP shall provide the program's general direction and supervision.

---

### C

#### PSD Responsibilities

PSD shall:

- administer the program
  - administer requirements in this handbook
  - receive and approve or disapprove LSA applications
  - perform administrative reviews of program participants.
- 

### D

#### FMD Responsibilities

FMD shall:

- hold security that LSA's provide to CCC according to paragraph 11
  - provide CCC's program interest rate to LSA's
  - administer and oversee CCB operations
  - approve CCB's and designate which Federal Reserve Bank CCB shall use.
- 

## 3 CCB and LSA Responsibilities

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### A

#### CCB's Responsibilities

CCB's shall:

- examine and authenticate LSA documents
- verify that cash transfers agree with related documents
- process requests for fund transfers to or from CCC.

\* \* \*

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### 3 CCB and LSA Responsibilities (Continued)

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#### B LSA's Responsibilities

After other program requirements are met, LSA's shall:

- prepare and execute cotton loan and LDP documents, and perform the following related acts:
    - \* \* \* loan disbursement
    - loan repayment, either with cash or commodity certificates
    - LDP
    - reconcentration, when directed by KCCO
    - loan forfeiture
  - ensure that cotton to be pledged to CCC as security for a loan is:
    - eligible for loan benefits according to 1-CMA
    - free and clear of all liens according to 7-CN, Part 5
  - ensure that cotton for which LDP is requested is eligible for LDP benefits according to 7-CN
  - disburse loans and LDP's
- \* \* \*
- instruct producer or producer's agent who is the current holder, to notify any EWR provider to amend EWR to show:
    - CCC as holder on EWR's used to pledge cotton as collateral for loan
    - cotton used to obtain LDP's reflect this action
  - provide CCC-719 and supporting documents to CCB according to 21-CN
  - collect loan proceeds related to loans originating with LSA
  - transfer funds to and from CCC through CCB
  - collect loan data for reporting to CCC
  - report activity to CCC according to 21-CN.
- 

4-9 (Reserved)



## Part 2 LSA Program

### 10 Overview

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#### A

##### Purpose

This part provides parameters of CCC's LSA cotton loan and LDP program.

---

#### B

##### Definition of Program Services

Program services are those services LSA's are authorized to provide for CCC to producers under CCC-912 with CCC.

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### 11 Program Provisions

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#### A

##### Authorization

CCC may authorize an entity to act as its agent to make and service upland cotton loans, LDP's, and ELS cotton loans.

---

#### B

##### Term of Approval

LSA's approval to provide services continues until approval is suspended by CCC or terminated by either LSA or CCC.

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#### C

##### Inspections

LSA's books, documents, papers, and records for services shall be available to CCC for inspection and examination for 6 business years after a loan is liquidated (repaid or collateral forfeited) or LDP is processed.

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**11 Program Provisions (Continued)**

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**D****Bale Limit on Activities**

CCC's authorization limits the number of bales that may be processed for loan and LDP by LSA. CCC requires LSA's to have \$10 of security for each bale of cotton. Initially, the bale limit is established by dividing LSA's net worth by \$10.

**Formula:** Net worth equals current assets minus current liabilities.

If LSA's net worth does not provide enough security for the number of bales it intends to process, CCC requires additional security in 1 or a combination of the following forms:

- a certified or cashier's check payable to CCC
- an irrevocable commercial letter of credit approved by CCC
- a bond conditioned on LSA fully discharging all of its obligations under CCC-912
- other forms of security as CCC deems appropriate.

**Example:** A parent company guarantee.

**Notes:** Additional security shall be submitted to the Director, PSD.

FMD will hold the additional security.

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## 11 Program Provisions (Continued)

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### E

#### LSA Liability to CCC

LSA's are liable to CCC for any monetary losses incurred by CCC as a result of LSA's failure to discharge all of its obligations under CCC-912 with CCC.

Payment of these losses shall be made to CCC from the financial security provided by LSA, and directly by LSA if the amount of the loss exceeds the amount of financial security.

---

### F

#### Approved Service Fees

LSA's may charge producers a fee for services they provide on the original loan advance or LDP. Fees charged:

- for loans, shall not exceed the lesser of the following:
  - \$7.50 per loan plus \$0.90 per bale
  - 0.5 of 1 percent (0.005) times the gross loan amount
- for LDP's, shall not exceed the following amounts.

No. of Bales	Fee Amounts
1	\$0.25
2 through 6	\$0.25 plus \$0.15 for each bale over 1
7 or more	\$1 plus \$0.10 for each bale over 6

Fees charged shall be deducted from the loan or LDP amount received by LSA from CCC before distribution to the producer.

**Note:** Fees shall **not** be collected directly from producers.

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## 11 Program Provisions (Continued)

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### G

#### Data Confidentiality

The following table describes the confidentiality of data submitted by LSA's to CCC and USDA.

IF the data submitted by LSA's is about...	THEN it...
trade secrets	shall be held confidential.
financial operations or conditions	
commercial operations or conditions	
information necessary to conduct the loan and LDP program	may be released to the public.
information required by law	

---

### H

#### CCC's Program Address

Requests for information about LSA's shall be addressed to:

Director, PSD  
FSA, USDA  
STOP 0512  
Room 4095  
1400 Independence Avenue, SW  
Washington, DC 20250-0512.

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## 12 Initial Application

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### A

#### Introduction

This paragraph describes how entities apply to CCC for initial approval to serve as LSA.

---

### B

#### Application Documents

An LSA application includes the following documents:

- 2 signed CCC-912's (see Exhibit 4)
- an audited financial statement less than 1 year old on the date submitted, including accompanying notes, schedules, or exhibits, certified by a certified public accountant as fairly representing the entity's financial condition

**Note:** Other forms of additional security as described in subparagraph 11 D may be submitted with or instead of audited financial statements.

- a list of employees involved in CCC program activities, including current directors, officers, and primary owners

**Definition:** Primary owners are those entities owning more than 10 percent of LSA.

- a copy of any applicable incorporating or partnership documents

•\*--a contact person's:

- name
- address
- telephone number
- FAX number
- e-mail address--\*

- any additional information requested by PSD.

**Note:** **After submission**, promptly notify the Director, PSD of any changes to the documents.

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Continued on the next page

## 12 Initial Application (Continued)

### C

**Initial Approval Process** The following table shows how entities become certified by CCC to act as LSA.

Step	Action
1	Potential LSA completes and mails application documents to the Director, PSD.
2	<p>Potential LSA nominates a bank to serve as its CCB. Nominations are sent to:</p> <p>Controller, CCC FSA, USDA STOP 0581 1400 Independence Avenue, SW Washington, DC 20250-0581.</p>
3	<p>CCC grants entity approval to act as LSA.</p> <p><b>Note:</b> Entity may also be <b>denied</b> approval.</p>
4	<p>LSA has its CCB execute a contract with CCC using CCC-721.</p> <p>Controller signs both copies, CCC keeps 1 copy, and CCB keeps 1 copy.</p> <p><b>Note:</b> Controller may <b>deny</b> CCB approval.</p>
5	<p>LSA provides CCB and PSD the following:</p> <ul style="list-style-type: none"> <li>• a list of all employees authorized to certify CCC-719 and sign other documents for LSA</li> <li>• sample signatures of everyone on the list.</li> </ul>



## 13 Annual Recertifications

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### A

#### Introduction

This paragraph describes how LSA's annually obtain continued approval to act as LSA.

---

### B

#### Recertification Documents

The following documents shall be included in annual LSA recertifications:

- an audited financial statement less than 1 year old on the date submitted, including accompanying notes, schedules, or exhibits, certified by a certified public accountant as fairly representing the entity's financial condition

**Note:** Other forms of additional security as described in subparagraph 11 D may be submitted with or instead of audited financial statements.

- a list of employees involved in CCC program activities, current directors, officers, and primary owners
- \*--copies of all FSA and CCC forms created according to paragraph 17--\*
- any additional information requested by PSD.

**Note:** **After submission**, promptly notify the Director, PSD of any changes to the documents.

---

### C

#### Recertification Process

LSA's shall send recertification documents to the Director, PSD no later than 4 months after the end of the LSA's fiscal year.

PSD shall notify LSA of continued approval, suspension, or **termination** of approval to act as LSA.

**Note:** For suspensions and terminations, PSD shall include an explanation.

---

## 14 Suspensions and Terminations

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### A

#### Suspension Grounds

CCC may suspend LSA whenever it determines that LSA has **not**:

- operated according to representations made
  - followed program procedures as instructed
  - corrected deficiencies annotated
  - operated according to applicable Federal regulations.
- 

### B

#### Termination Grounds

CCC may terminate LSA whenever it determines that:

- LSA failed to correct deficiencies within a specified time period annotated in a letter suspending LSA's approval
- LSA's continued approval represents an unacceptable financial risk to CCC
- LSA's level of services provided to producers is unacceptable.

**Note:** LSA's may voluntarily withdraw from participation at any time.

---

### C

#### Suspension Procedures

The Executive Vice President, CCC shall notify LSA of reasons for suspension and corrective actions required within a specified time period for renewed approval. A suspension may be lifted if actions cited in the Executive Vice President's notification are corrected to CCC's satisfaction within the time period specified. LSA's not taking action to correct the deficiencies specified in the suspension letter within the specified time period shall be terminated from any further program activities. See subparagraph E.

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Continued on the next page

## 14 Suspensions and Terminations (Continued)

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### D

#### Activities During Suspension

A suspended LSA shall:

- continue to provide services for loans made before suspension, such as repayments, reconcentrations, and forfeitures
  - **not** process any additional loan or LDP disbursements.
- 

### E

#### Termination Procedure

The Executive Vice President, CCC may terminate LSA's approval to provide loan services by giving LSA written notice.

**Note:** CCC, in its notification, will issue instructions for transferring program records from the terminated LSA.

---

### F

#### Withdrawal Procedure

LSA's may withdraw from CCC's loan and LDP program by sending written notification to the Executive Vice President, CCC, **only** when **all** of the loans it processed are closed.

---

## 15 LSA Loan and LDP Process

## A

Providing  
Program  
Services

This table describes the process that occurs as LSA's provide program services.

Step	Description
1	<p>Producers:</p> <ul style="list-style-type: none"> <li>• request a loan or LDP</li> <li>• provide beneficial interest information according to paragraph 28</li> <li>• may file FSA-211</li> <li>• deliver to LSA one of the following: <ul style="list-style-type: none"> <li>• individual card warehouse receipts</li> <li>• EWR: <ul style="list-style-type: none"> <li>• numbers</li> <li>• provider's name</li> </ul> </li> <li>• gin tag lists and class data to LSA.</li> </ul> </li> </ul>
2	<p>LSA's follow procedures in paragraph 28 to determine whether the producer is eligible, based on beneficial interest, for loan or LDP. If beneficial interest is:</p> <ul style="list-style-type: none"> <li>• held by the producer at time of the loan or LDP, the process continues</li> <li>• lost by the producer before the loan or LDP, the process <b>stops</b>.</li> </ul>
3	<p>LSA's verify eligibility according to 1-CMA. If:</p> <ul style="list-style-type: none"> <li>• eligible, the process continues</li> <li>• ineligible, LSA returns the documents submitted by the producer in step 1 and stops the loan or LDP process.</li> </ul>

Continued on the next page

## 15 LSA Loan and LDP Process (Continued)

**A**  
**Providing**  
**Program**  
**Services**  
**(Continued)**

Step	Description	
4	<b>IF...</b>	<b>THEN LSA's...</b>
	a loan advance	<ul style="list-style-type: none"> <li>• complete lien search according to paragraph 23</li> <li>• instruct producer to notify EWR provider to amend EWR to show CCC as holder</li> <li>• complete CCC-Cotton A, CCC-Cotton A-1, and other loan advance forms</li> <li>• give CCC-601 (Exhibit 5) to each producer.</li> </ul>
	LDP	<ul style="list-style-type: none"> <li>• complete either of the following:               <ul style="list-style-type: none"> <li>• CCC-Cotton AA and CCC-Cotton AA-1</li> <li>• CCC-709, if applicable</li> </ul> </li> <li>• instruct producer to notify EWR provider to amend EWR to show cotton was used to obtain LDP.</li> </ul>
5	Producer or power of attorney entity signs loan or LDP documents.	
6	LSA's submit any individual card warehouse receipts, EWR numbers, and EWR provider's name, CCC-719, and other documents, as required, to CCB, and receive loan or LDP disbursement funds.	
7	LSA's issue loan or LDP funds to producer within 3 calendar days.	
8	LSA's send the producer a notice before loan maturity according to paragraph 53.	
9	LSA's process loan repayments, forfeitures, or reconcentrations as authorized by the producer or designated agent on CCC-605.	
10	LSA's maintain loan or LDP documents according to this handbook.	

## 16 Prohibited LSA Activities

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### A

#### Prohibited Activities

LSA's shall **not**:

- pool producers' cotton for any purpose
- allow owners, employees, and their families to market producers' cotton

**Note:** LSA's may provide marketing services if requested by the producer.

- because of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status, deny any producer from participating in a loan or LDP for which they would otherwise be eligible to obtain benefits earned by participating in a loan or LDP program
- refuse services to producers because LSA was not granted a power of attorney on FSA-211 for executing loan documents to obtain loans, repaying the loans for the producer, obtaining LDP's, or marketing the producer's cotton
- adopt any scheme or device to circumvent the purpose of the cotton loan and LDP program regulations, the regulation governing LSA's, or its agreement with CCC
- make loans or LDP's to producers involved in a bankruptcy proceeding

**Note:** Advise that the producer may apply for loans or LDP's through the producer's local County Office.

- make loans or LDP's on ineligible cotton.
- 

### B

#### Determining Eligibility Status

Follow procedures in 1-CMA to determine producer eligibility status.

Upon discovery that the cotton is or was ineligible, LSA's shall, following instructions in 1-CMA:

- call any outstanding loan immediately
  - for loans repaid that involved benefits, notify producer of amount owed CCC
  - for LDP's, notify producer of amount owed CCC.
-

## 17 Forms Information

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### A

#### Policy

LSA's, as authorized agents of CCC, shall use either current CCC forms or forms approved by CCC to document program services.

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### B

#### Form Options

LSA's may use either of the following:

- computer-generated forms as described in this paragraph
  - forms obtained from CCC.
- 

### C

#### Obtaining CCC Forms

CCC forms may be obtained by accessing the website located at **[www.sc.egov.usda.gov](http://www.sc.egov.usda.gov)**.

---

### D

#### Form References in This Handbook

Throughout this handbook, references are made to forms by FSA and CCC form numbers. Many of these forms, as described in this paragraph, may be computer generated.

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Continued on the next page

**17 Forms Information (Continued)**

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**E****Requests to  
Computer  
Generate Forms**

CCC may grant LSA's permission to computer generate certain FSA and CCC forms. LSA's shall request approval to use computer-generated forms by sending computer-generated copies of the proposed forms to the Director, PSD.

**Note:** Do **not** use the computer-generated form until written approval has been received from the Director, PSD.

---

**F****Computer-  
Generated  
Forms**

LSA's may request approval to computer generate the following forms:

- CCC-Cotton A
  - CCC-Cotton A Continuation
  - CCC-Cotton A-1
  - CCC-Cotton AA
  - CCC-Cotton AA-1
  - FSA-211.
- 

**G****Required  
Computer-  
Generated Form  
Revisions**

Each time an FSA or CCC form is revised, existing approved computer-generated LSA forms derived from it shall be resubmitted for approval. LSA shall:

- revise the applicable computer-generated form
  - submit the revised form to the Director, PSD for approval.
-



## 18 Filing and Distribution Instructions

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### A

#### LSA Files Retention

LSA's shall destroy these files 6 years after the loan is liquidated, or LDP obtained, including copies or originals of documents prepared or processed by LSA.

---

### B

#### Documents Maintained

LSA's shall maintain files of the following documents, according to subparagraph A:

- CCC-Cotton A and the applicable CCC-Cotton A Continuation
- CCC-Cotton A-1
- CCC-Cotton A-5
- CCC-601
- Repayment Listing
- Notice to Producer Before Loan Maturity
- Forfeiture Listing
- FSA-211
- copy of FSA-237
- CCC-679
- CCC-605, CCC-605-1, and CCC-605-2
- CCC-Cotton AA
- CCC-Cotton AA-1
- CCC-709
- CCC-719 and CCC-719P
- beneficial interest documents
- correspondence about any of the documents in this subparagraph
- correspondence with any EWR provider.

**Notes:** If CCC-605, CCC-605-1, or CCC-605-2 is for a partial redemption, make and file a copy of the applicable CCC-605, CCC-605-1, or CCC-605-2 and return original to redeemer.

An electronic record of CCC-719 is acceptable.

Beneficial interest documents include options to purchase and sales contracts.

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Continued on the next page

## 18 Filing and Distribution Instructions (Continued)

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### C

#### Securing Files

LSA's shall maintain the following documents in a locked, fireproof file:

- CCC-Cotton A and the applicable CCC-Cotton A Continuation
- FSA-211
- CCC-679
- CCC-605, CCC-605-1, and CCC-605-2
- CCC-Cotton AA
- CCC-Cotton AA-1
- CCC-709.

**Note:** If CCC-605, CCC-605-1, or CCC-605-2 is about a partial redemption, file a copy.

---

### D

#### Distributing Forms and Documents

LSA's shall distribute to the applicable producer completed, executed copies of:

- CCC-Cotton A and the applicable CCC-Cotton A Continuation
  - CCC-Cotton A-1
  - CCC-Cotton A-5
  - CCC-601
  - Notice to Producer Before Loan Maturity
  - FSA-211
  - CCC-679
  - CCC-Cotton AA
  - CCC-Cotton AA-1
  - CCC-709.
-

## 19 Cotton Board Activities

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### A

#### Introduction

This paragraph outlines activities that LSA's perform for the Cotton Board.

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### B

#### R&P Fees

LSA's shall:

- calculate research and promotion (R&P) fees for:
  - loan advances according to paragraph 40
  - LDP's according to paragraph 79
- collect and pay R&P fees for upland cotton to the Cotton Board
- issue checks to the applicable taxing authority by the tenth of the month following the assessment.

**Note:** LSA's are responsible for overcollections and undercollections.

---

### C

#### Providing Cotton Board Producers' Names and Addresses

LSA's shall provide the Cotton Board a list of the names and addresses of all producers who obtained loans and LDP's through them when requested by the Cotton Board. Mail the lists to the Cotton Board at the following address:

Cotton Board  
P.O. Box 2121  
Memphis, TN 38101-2121.

**Note:** Lists shall be in the format requested by the Cotton Board.

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## 20 Using FSA-211, Power of Attorney

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### A Policy

See 1-CM for general policies about FSA-211's and FSA-211-1's. Producers may delegate a power of attorney to another person or to LSA on FSA-211. A Notary Public seal on FSA-211 is not required when FSA-211 is signed by an individual in the presence of an FSA or LSA employee. Persons who have been granted a power of attorney by a producer shall deliver FSA-211 to LSA. LSA shall call the County Office identified in the revocation sentence on FSA-211 to verify that FSA-211 has not been revoked before processing any applicable loan advance or LDP.

**FSA-211 used to delegate LSA with a producer's power of attorney shall include an attachment with the following statement.**

"(The producer) hereby acknowledges that (the LSA) is an agent of the Commodity Credit Corporation for the purpose of performing certain services requisite to the making and servicing of Commodity Credit Corporation cotton loans and LDP's to eligible producers of eligible cotton and agrees to permit (the LSA) to act as agent for both (the producer) and the Commodity Credit Corporation. (The LSA) shall disclose to (the producer) all facts which (the LSA) knows or should know would reasonably affect the judgment of (the producer) in permitting (the LSA) to act as agent for both (the producer) and the Commodity Credit Corporation."

**Notes:** For this handbook, FSA-211 shall refer to both FSA-211 and FSA-211-1.

"Power of attorney" forms other than FSA-211 will **not** be accepted.

---

### B FSA-211 Used With CCC-605

Producers may designate an agent on FSA-211 to act on their behalf to execute CCC-605's if FSA-211 **specifically** grants the authority to execute CCC-605's. Producers must be fully aware that designating an agent to execute CCC-605's grants that agent the authority to further delegate authority to another agent.

An agent designated on FSA-211 cannot execute a new FSA-211 to further delegate authority to another agent.

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Continued on the next page

**20 Using FSA-211, Power of Attorney (Continued)****C****LSA Power of Attorney Restrictions**

If the producer has delegated LSA a power of attorney, LSA shall **not**:

- make any purchase for LSA's own account of cotton redeemed from loan
- sell any cotton to any person who is employed or has the right to control or direct LSA's sale of redeemed cotton or equities.

**D****FSA-211's Applicable to CCC-605's**

LSA's shall accept CCC-605's **if** FSA-211 specifically grants authority to designate another agent on CCC-605.

**E****Completing FSA-211's Assigned to LSA**

Complete FSA-211's to delegate power of attorney to LSA's according to this table.

<b>Circle Number</b>	<b>Instructions</b>
1	Enter LSA's name and address.
2	Enter the producer's name.
3	Circle the number "7".
4	Circle the number "9" and ENTER "Cotton".
5	Circle the number "6". If FSA-211 will be used to execute CCC-605, circle number "8" and ENTER "CCC-605".
6	Enter place where FSA-211 is signed.
7	Enter date FSA-211 is executed.
8	Individual producers shall sign.
9	Corporations shall sign.
10	Witness shall sign.
11	Enter notary public's seal, State and county of commission, certification, date of commission and expiration, and signature.  <b>Note:</b> Notarization is required when FSA-211 is not signed by an individual in the presence of an FSA or LSA employee.

Continued on the next page

## 20 Using FSA-211, Power of Attorney (Continued)

**E**  
**Completing**  
**FSA-211's**  
**Assigned to LSA**  
**(Continued)**

The following is an example of FSA-211.

See reverse for Privacy Act and Public Burden statements.		Form Approved - OMB No. 0560-0004										
<b>FSA-211 (04-18-96)</b>		U.S. Department of Agriculture Farm Service Agency - Commodity Credit Corporation - Federal Crop Insurance Corporation										
<b>POWER OF ATTORNEY</b>												
<p><b>THE UNDERSIGNED</b> does hereby appoint <u>① LSA-USA</u>, of <u>101 1<sup>st</sup> St.</u>  <u>Houston</u> County, State of <u>Texas</u> 99999, the attorney in fact to act for  <u>John Smith</u> ② in connection with Farm Service Agency and Commodity Credit Corporation program          number(s) circled below; and with respect to actions involving Federal Crop Insurance Corporations insured          crops listed below, if any. This power of attorney is valid in all counties in the United States unless otherwise noted.</p>												
<p style="text-align: center;"><b>CCC and FSA PROGRAMS</b>  <i>(Circle applicable program numbers)</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;">           1. Conservation Reserve Program ③            2. Noninsured Crop Disaster Assistance Program            3. Oilseeds Loans            4. ELS Cotton Loans            5. Tobacco Program            6. Peanut Program         </td> <td style="width: 50%; vertical-align: top;">           7. Marketing Assistance Loans            8. Wheat Feed Grains, Rice and Upland Cotton, Production Flexibility Program            ④ ② Other (Specify)  <u>Cotton</u>            10. All of the Above Listed         </td> </tr> </table>		1. Conservation Reserve Program ③ 2. Noninsured Crop Disaster Assistance Program 3. Oilseeds Loans 4. ELS Cotton Loans 5. Tobacco Program 6. Peanut Program	7. Marketing Assistance Loans 8. Wheat Feed Grains, Rice and Upland Cotton, Production Flexibility Program ④ ② Other (Specify) <u>Cotton</u> 10. All of the Above Listed	<p style="text-align: center;"><b>FCIC CROPS</b>  <i>(Enter "All or specify each crop")</i></p> <table style="width: 100%; border: none;"> <tr><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td></tr> </table>	_____	_____	_____	_____	_____	_____	_____	_____
1. Conservation Reserve Program ③ 2. Noninsured Crop Disaster Assistance Program 3. Oilseeds Loans 4. ELS Cotton Loans 5. Tobacco Program 6. Peanut Program	7. Marketing Assistance Loans 8. Wheat Feed Grains, Rice and Upland Cotton, Production Flexibility Program ④ ② Other (Specify) <u>Cotton</u> 10. All of the Above Listed											
_____	_____											
_____	_____											
_____	_____											
_____	_____											
<p><b>THE UNDERSIGNED</b> grants to said attorney full authority with respect to the programs specified above, including access to necessary FSA, CCC, and FCIC records to complete FSA and CCC, and (if applicable) FCIC transaction(s) circled below.</p>												
<p>⑤ <b>TRANSACTION NUMBERS USED BY FSA AND CCC</b></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;">           1. All of the following actions.            2. The signing of an application or contact.            3. Delivery of a commodity.            4. Executing loan agreements.            5. Allowing loan repayment.            ⑥ 6. Conducting all loan program transactions.         </td> <td style="width: 50%; vertical-align: top;">           7. The making of reports.            ⑧ Other (Specify)  <u>CCC-605</u> </td> </tr> </table>		1. All of the following actions. 2. The signing of an application or contact. 3. Delivery of a commodity. 4. Executing loan agreements. 5. Allowing loan repayment. ⑥ 6. Conducting all loan program transactions.	7. The making of reports. ⑧ Other (Specify) <u>CCC-605</u>	<p><b>TRANSACTION NUMBERS USED BY FCIC</b></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;">           1. All actions.            2. Making application for insurance.            3. Making crop acreage reports.            4. Giving notice of damage reports.         </td> <td style="width: 50%; vertical-align: top;">           5. Making claim for indemnity.            6. Making contract change.            7. Making transfer and cancellations.            8. Other (Specify)         </td> </tr> </table>	1. All actions. 2. Making application for insurance. 3. Making crop acreage reports. 4. Giving notice of damage reports.	5. Making claim for indemnity. 6. Making contract change. 7. Making transfer and cancellations. 8. Other (Specify)						
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1. All actions. 2. Making application for insurance. 3. Making crop acreage reports. 4. Giving notice of damage reports.	5. Making claim for indemnity. 6. Making contract change. 7. Making transfer and cancellations. 8. Other (Specify)											
<p>This Power of Attorney shall remain in full force and effect until written notice of its revocation has been duly served upon FSA. The grantor shall provide separate written notice of revocation to the applicable crop insurance agent.</p>												
<p>The foregoing Power of Attorney set forth above is signed and dated at <u>400 S. Main St.</u> ⑥  <u>Houston, TX</u>, this <u>20th</u> day of <u>July</u> ⑦, 19 <u>9X</u>.</p>												
<b>Authorized Signatures</b>												
<p>A. Signature(s) of Grantor(s) (Individual)</p> <p>1. ⑧ _____</p> <p>2. _____</p>		<p>Social Security Number(s)</p> <p>_____</p>										
<p>B. Signature of Grantor (Partnership, Corporation, Trust, etc.)</p> <p>⑨ _____</p>		<p>Official Title</p> <p>_____</p>										
<p>C. ID Number of the Partnership, Corporation, Trust, etc.</p> <p>_____</p>												
<p>D. Witnesses' Signatures (FSA Employees)</p> <p>1. ⑩ _____</p> <p>2. _____</p>		<p>Position(s)</p> <p>_____</p>										
<p><i>This form must be acknowledged by a Notary Public unless witnessed by FSA employees or a corporate seal of grantor is affixed.</i></p> <p>⑪ State of _____</p> <p>County of _____</p>												
<p>This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability.</p>												

Continued on the next page

**20 Using FSA-211, Power of Attorney (Continued)**

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**F**  
**Distributing**  
**FSA-211**

\*--LSA's preparing FSA-211 shall distribute FSA-211 as follows:--\*

- original to principal granting power of attorney
  - first copy to LSA
  - second copy to FSA control County Office.
-

## 21 FAXed Signatures

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### A

#### General Authorization

FAXed signatures from producers shall be accepted for certain forms and other documents, if **all** of the following are met:

- FSA-237 is completed, signed, witnessed, and filed with a County Office before the FAXed signature is received according to 1-CM
- the applicable program form or other document is approved for FAXed signatures

**Note:** See 1-CM, Exhibit 80 for program forms and documents not approved for FAXed signatures.

- all other applicable signature requirements are met
- LSA shall obtain a copy of FSA-237 filed by the producer in a County Office.

**Note:** LSA's are not authorized to accept FSA-237's from producers unless the producer's signature is notarized.

**Important:** The authority to accept FAXed signatures does not alter existing authorities for producers to execute transactions, such as power of attorney, fiduciary capacity, or other approved signature authorities.

---

### B

#### Authority to Accept

FAXed signatures are:

- signatures received through a FAX machine
- **not** electronic signatures, such as signatures obtained by e-mail or the Internet.

The authority to accept FAXed signatures applies only to forms used by FSA. The authority is not applicable to forms used by other agencies or departments.

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Continued on the next page



**21 FAXed Signatures (Continued)**

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**C****Prohibited Uses**

FAXed signatures are **not** authorized for either of the following:

- any program form or document in 1-CM, Exhibit 80
- before FSA-237 is completed, signed, witnessed, and filed in the County Office.

**Important:** FAXed signatures are not authorized unless FSA-237 is completed, signed, and witnessed before the FAXed signature is received, regardless whether the FAXed signature is supplemented by receipt of an original signature.

---

**D****Producer Responsibilities**

Producers are responsible for the successful transmission and receipt of information provided to the LSA Office through telefacsimile transmission.

USDA is not responsible for any transmission failures or any other problems that prevent the successful or timely receipt of information provided by producers through telefacsimile transmission.

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**E****Determining Date for Program Purposes**

The date and time printed by the FAX machine on the applicable program form or document shall be used to determine whether program deadline and filing date requirements are met.

**Example:** Producer signs and dates CCC-709 on August 14, 2000. LSA's receive FAXed CCC-709 on August 15, 2000. Provided all eligibility requirements have been met, LSA's shall use the LDP rate in effect on the date printed by the FAX machine, August 15, 2000, on CCC-709.

LSA's shall **not** accept or approve any form or document received through telefacsimile machine if the date and time of the FAX cannot be verified.

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Continued on the next page

## 21 FAXed Signatures (Continued)

F  
Example of  
FSA-237

The following is an example of FSA-237.

<b>REPRODUCE LOCALLY.</b> Include form number and date on all reproductions.		Form Approved - OMB No. 0560-0203
<b>FSA-237</b> (02-07-01)	<b>U.S. DEPARTMENT OF AGRICULTURE</b> Farm Service Agency	1. Name and Address of Office Where Original FSA-237 is Maintained Anycounty FSA Office 123 Way Street Anystate, USA 12345
<b>FACSIMILE SIGNATURE AUTHORIZATION AND VERIFICATION</b>		
<p><b>NOTE:</b> The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the program authority for which the fax signature is submitted. This form is used to authorize USDA to accept certain forms by telefacsimile. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in USDA inability to accept telefacsimile information submitted by the individuals. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m, and 31 USC 3729, may be applicable to the information provided.</p> <p>According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0203 with an expiration date of February 29, 2004. The time required to complete this information collection is estimated to average 1 minute per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. <b>RETURN THIS COMPLETED FORM TO YOUR USDA SERVICE CENTER.</b></p>		
<p>2. Individual's Name          (As Used for FSA Signature Purposes) <u>Mike Jones</u> ID No. <u>999-99-9999</u>  <i>(Please Print)</i></p> <p><u>Mike Jones</u> <u>02-07-2001</u>  <i>(Signature)</i> <i>(Date)</i></p> <p>I hereby authorize USDA to accept information with respect to the above-mentioned individual by telefacsimile. I understand that the signature and other acknowledgments on information provided by telefacsimile will be deemed to be authentic originals by USDA and that all information contained therein will be treated in the same manner as if submitted in person at a USDA Service Center.</p> <p>USDA will undertake reasonable steps to ensure that its telefacsimile machines are operational and will handle the documents in an appropriate manner once received. However, I understand and accept full responsibility for the successful transmission and receipt of information provided to the USDA Service Center through telefacsimile transmission and understand that USDA is not responsible for any transmission failures or any other problems that prevent successful or timely receipt of the information that I provide through the telefacsimile alternative. I understand that in the event there is an error, malfunction or other problem in the transmission or receipt of the telefacsimile, that the document will not be deemed effective until actually received at the USDA Service Center. I understand that USDA does not guarantee the availability of telefacsimile at all times, and understand that any document received by telefacsimile will be deemed received according to USDA policy, as may be further amended from time to time. All written information that could normally be submitted in person at the local USDA Services Center may be sent by telefacsimile except as determined by USDA and contained in USDA procedure found at the local USDA Service Center.</p> <p>This facsimile signature authorization and verification is valid in all counties in the United States and shall remain in effect until (1) written notice of its revocation has been duly served upon USDA; (2) the signatory dies; or (3) the authorization is terminated by USDA.</p>		
<p>3. I, an official of FSA, hereby witnessed the signature of the above-named individual.</p> <p style="text-align: center;"> <u>Betty Brown</u> <u>02-07-2001</u>  <i>(Signature)</i> <i>(Date)</i>  <u>County Executive Director</u>  <i>(Title)</i> </p>		
<p>4. This form must be acknowledged by a Notary Public unless witnessed by a FSA official.</p> <p style="text-align: center;">         State of _____          County of _____       </p>		
<p>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 226-M, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5984 (voice or TDD). USDA is an equal opportunity provider and employer.</p>		

## 22 Heirs of a Deceased Producer

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### A

#### Succession of Interest

Succession of interest occurs before or after harvest if heirs:

- succeed to the beneficial interest of the deceased producer in both the cotton and the farming unit on which it was produced
  - assume the decedent's obligation under a loan if a loan has already been obtained.
- 

### B

#### Knowledge of a Deceased Producer

If LSA learns that a producer who has an outstanding loan is deceased, and CCC-686 has not been executed, LSA shall:

- send a certified letter to the fiduciary representative, heirs, or other persons in charge of settling the estate notifying that person:
  - of the existence of the outstanding CCC loan
  - that the loan is covered by a security agreement or secured by pledged warehouse receipts
- attach a copy of the letter to the loan papers on file in the LSA Office
- immediately notify the State Office.

**Note:** State Offices shall forward notification of deceased producers for which CCC-686 has not been executed to the regional attorney for appropriate action.

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Continued on the next page

**22 Heirs of a Deceased Producer (Continued)**

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**C****When to  
Complete  
CCC-686**

Complete CCC-686 if the heirs want to obtain or continue a loan and either of the following applies:

- there will be no administration or probate of the estate
- administration or probate of the estate is closed.

Before a loan is disbursed or continued under loan, CCC-686 must be:

- executed by persons claiming succession to a deceased producer
  - approved by COC of Administrative County Office.
- 

**D****Preparing  
CCC-686**

Prepare an original and 1 copy for each person signing CCC-686 according to the following instructions.

Item	Instructions
3	Enter current loan number, or assign next unused number from loan number register.
9 and 10	Enter name and address and relationship of all persons inheriting commodity, whether or not related to the deceased.
11	Enter names of all persons assuming farming unit whether or not related to the deceased.  <b>Note:</b> To be eligible for price support, the person's name must appear in items 9 and 11, and, if applicable, item 13.
13-16	Enter name and nature of disability of any heir who is a minor or an incompetent and the name and address and capacity of the representative of this person.
17	Heirs or representatives of heirs who have inherited the commodity and have assumed the farming unit and who are requesting price support must sign the application.

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Continued on the next page

## 22 Heirs of a Deceased Producer (Continued)

### D Preparing CCC-686 (Continued)

The following is an example of CCC-686.

REPRODUCE LOCALLY. Include form number and date on all reproductions.		Form Approved - OMB No. 0560-0087	
<b>CCC-686</b> (08-09-96)		<b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation	
<b>APPLICATION FOR LOAN OR LOAN DEFICIENCY</b> <b>PAYMENT BY HEIRS</b> (On a commodity produced by a person who has died)		<b>1. NAME AND ADDRESS OF COUNTY FSA OFFICE &amp; TELEPHONE NO.</b>	
		<b>2. ST. &amp; CO. CODE</b> 48 451	<b>3. APPLICATION NO.</b> 8
		<b>4. CROP YEAR</b> 199X	<b>5. COMMODITY</b> Cotton
<small>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is 7 CFR Parts 718 and 1421. The information will be used to determine eligibility and the amount of program benefits. This data will be used when heirs of an estate wish to obtain or continue a loan or request an LDP. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for program benefits. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 206, 207, 371, 641, 651, 1001; 16 USC 714m; and 31 USC 3729, may be applicable to the information provided.</small>			
<small>Federal Agencies may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM (OMB No. 0560-0087), STOP 7630, Washington, D.C. 20250-7630. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</small>			
<b>6. NAME OF DECEASED PERSON</b> Ben Harrison, Rt. 4, San Angelo, TX 76901		<b>7. DATE OF DEATH</b> 12-25-9X	
		<b>8. DEATH OCCURRED</b> BEFORE HARVEST <input type="checkbox"/> AFTER HARVEST <input checked="" type="checkbox"/>	
<b>9. PERSONS INHERITING COMMODITY</b> (Name and address)		<b>10. RELATIONSHIP TO DECEASED</b>	
Richard M. Harrison, Rt. 4, San Angelo, TX 76901		Son	
Margaret C. Harrison, Rt. 4, San Angelo, TX 76901		Daughter	
Evelyn O. Harrison, Rt. 4, San Angelo, TX 76901		Daughter	
<b>11. NAMES OF PERSONS ASSUMING FARMING UNIT</b> (Include heirs in item 9) (Address if not already listed in item 9)		<b>12. RELATIONSHIP TO DECEASED OR CAPACITY</b>	
Richard M. Harrison		Son	
Margaret C. Harrison		Daughter	
Evelyn O. Harrison		Daughter	
If any person shown in item 9 or 11 above is a minor or incompetent, furnish the following:			
<b>13. NAME OF MINOR OR INCOMPETENT</b>	<b>14. NATURE OF DISABILITY</b> (If any)	<b>REPRESENTATIVE OF PERSON SHOWN IN ITEM 13</b>	
		<b>15. NAME AND ADDRESS</b>	<b>16. CAPACITY</b> (Guardian, Custodian, Conservator, Liquidator, etc.)
Evelyn O. Harrison	Minor	Ben Harrison Rt. 4, San Angelo, TX 76901	Natural Guardian
<b>17. CERTIFICATIONS</b> (To be certified to and by each person shown in items 9 and 11 or his/her representative shown in item 15 who is requesting a loan or LDP.)			
The undersigned hereby certifies that <u>1</u>			
A. The person shown in item 6 died on the date shown and he/she produced the commodity identified above in the crop year shown.			
B. The decedent and the commodity he/she produced were eligible for loan or LDP and that the persons shown in item 9 have inherited the decedent's interest in the commodity shown above.			
C. (1) There has not been nor is it contemplated that there will be administration or probate of the estate or (2) administration or probate of the estate is closed.			
D. The persons listed in items 9, 11, and, if applicable 13, are the only persons who have inherited or otherwise acquired an interest in the commodity and farming unit of the decedent described in this form.			
E. Each of such persons requests that (1) a loan be continued or disbursed, or (2) an LDP be made.			
SIGNATURE	DATE	SIGNATURE	DATE
/s/ Richard M. Harrison	12-28-9X		
SIGNATURE	DATE	SIGNATURE	DATE
/s/ Margaret C. Harrison	12-28-9X		
SIGNATURE	DATE	SIGNATURE	DATE
<b>18. CERTIFICATION OF COUNTY COMMITTEE</b>			
The undersigned certifies that each applicant whose signature appears above has the authority to act in the capacity indicated; that the right of the applicant(s) to file this application was determined in accordance with the regulations of the Department of Agriculture; and that the statements contained herein have been examined and are true and correct to the best of my knowledge and belief.			
<b>FOR THE COUNTY COMMITTEE</b> BY <u>Andy Johnson</u>			<b>DATE</b> 12-28-9X
<small>Section 15 (a) of the Commodity Credit Corporation Charter Act (62 Stat. 1070) provides a fine of not more than \$10,000 or not more than five year's imprisonment for making any statements knowing it to be false for the purpose of influencing the action of the Corporation or of obtaining money under any act applicable to the Corporation.</small>			
<small>This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability.</small>			

### E Distributing CCC-686

Distribute CCC-686 as follows:

- keep original in the LSA Office
- give each person signing CCC-686 a copy.

## 23 Liens and Lien Waivers

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### A

#### Policy

LSA's shall follow lien policies in 7-CN, paragraph 163. Lien waivers shall not be obtained for unrecorded liens, including landlord liens, ginners' possessory liens, and harvesters' liens, unless LSA has received actual notice of the existing lien.

---

### B

#### Procedures to Determine Whether Lien Exists

To determine whether a lien exists, LSA's shall make a lien search on **all** cotton to be pledged for loan at the appropriate recording official's office.

---

### C

#### Obtaining CCC-679's

If liens exist, obtain lienholder signatures on CCC-679 to release a particular lien on cotton pledged for loan.

**Notes:** LSA's shall obtain CCC-679 for each lienholder.

If an offset is applicable, do **not** disburse the loan unless the lienholder agrees to the offset by checking line 1 or 3 on CCC-679.

CCC-679's are required for all loan requests received from FSA Farm Loan Program borrowers.

LSA's shall not obtain lien waivers for liens that are not recorded unless actual notice of the existing lien is provided to LSA by the lienholder in person or in writing.

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Continued on the next page

## 23 Liens and Lien Waivers (Continued)

### D

#### Completing CCC-679 for Producers

County Offices shall complete:

- CCC-679 according to this table
- block (3), if applicable, according to subparagraph E.

Item	Instructions
1	Enter producer's name and address.
2	Enter crop year.
3	ENTER "Cotton".
4	Enter the farm number or numbers, as applicable. If liens are waived on all farms, enter "All".
5	Enter the State and county codes for LSA.
6	<p>If the waiver releases:</p> <ul style="list-style-type: none"> <li>• <b>all</b> of the commodity covered by CCC-679, enter "All" and commodity</li> <li>• just <b>a quantity</b> of the commodity being pledged for loan, enter applicable quantity, cotton, and farm number.</li> </ul>
7	Enter the State and county where the cotton was produced.
8	Enter the lienholder's or authorized agent's name and address.

Continued on the next page

## 23 Liens and Lien Waivers (Continued)

## E

**Completing  
CCC-679,  
Block (3)**

Complete CCC-679, block (3) according to this table.

IF...	AND...	THEN...
an administrative offset does <b>not</b> apply		enter “none” on CCC-679, block (3), value line.
an administrative offset does apply		enter the offset amount as of the date CCC-679 is prepared on CCC-679, block (3), value line.
	the lienholder is any of the following: <ul style="list-style-type: none"> <li>• United States of America, Acting through USDA or FSA</li> <li>• USDA</li> <li>• USDA, formerly FmHA</li> <li>• FSA</li> <li>• FSA, formerly FmHA</li> </ul>	<ul style="list-style-type: none"> <li>• enter the offset amount as of the date CCC-679 is prepared on CCC-679, block (3), value line</li> <li>• calculate the estimated net disbursement amount as follows:               <ul style="list-style-type: none"> <li>• multiply applicable county loan rate for the commodity times the quantity for loan</li> <li>• deduct assessments, fees, and administrative offsets, as applicable</li> </ul> </li> <li>• enter “estimated <b>net</b> disbursement amount is \$____” <b>before</b> CCC-679 is given to an FSA FLP representative.</li> </ul>
a statement of charges accompanies the warehouse receipt		do either of the following: <ul style="list-style-type: none"> <li>• add the total dollar amount of the charges to any other offset amounts</li> <li>• modify the statement to add language that states whose charges are being offset without specifying the type or amount of the charges.</li> </ul>

Continued on the next page



## 23 Liens and Lien Waivers (Continued)

**E**  
**Completing**  
**CCC-679,**  
**Block (3)**  
**(Continued)**

The following is an example of CCC-679.

CCC-679 (08-02-96)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		Form Approved - OMB No. 0560-0087	
<b>LIEN WAIVER</b>					
1. NAME AND ADDRESS OF PRODUCER Ben Jefferson Rt. 1, Box 185 Sometown, SS 12345		2. CROP YR. XX	3. COMMODITY Cotton	4. FARM NO. All	5. ST & CO. CODE 40 222
		6. QUANTITY COVERED All		7. STATE AND COUNTY WHERE PRODUCED Some County, Some State	
<p><b>NOTICE:</b> The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the Federal Agriculture Improvement and Reform Act of 1996 and the Commodity Credit Corporation Charter Act, as amended and regulations at 7 CFR Parts 1421, 1427, and 1435. The information will be used to determine to whom program benefits will be paid. Furnishing the requested information is voluntary; however, failure to furnish the correct and complete information will result in a determination of ineligibility for program benefits. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714n, and 31 USC 3729, may be applicable to the information provided. Federal Agencies may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Public reporting burden for the collection of information is estimated to average 6 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM (OMB No. 0560-0087), STOP 7630, Washington, D.C. 20250-7630. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>					
<p>The undersigned is the holder of a lien on the commodity identified above. In order for the producer identified above to pledge such commodity as collateral for a Commodity Credit Corporation ("CCC") loan, with respect to CCC only, the undersigned waives all interest in, and title to, such commodity. The undersigned agrees that the proceeds of the loan shall be disbursed (<i>lienholder must check one of the following</i>):</p>					
<p>(1) <input checked="" type="checkbox"/> To the producer.</p> <p>(2) <input type="checkbox"/> Jointly to the producer and the undersigned lienholder.</p> <p>(3) <input type="checkbox"/> Jointly to the producer and the undersigned lienholder, less \$ <u>500.00</u> administrative offset as of <u>10-1-XX</u> and charges due Baker Gin Inc. (DATE)</p>					
<p>8. NAME AND ADDRESS OF LIENHOLDER OR AUTHORIZED AGENT PmHA Sometown, SS 12345                      Estimated Net Disbursement Amount \$6,000</p>					
<p>9. SIGNATURE /s/ <u>Bill Taft</u></p>					<p>DATE 10-15-9x</p>
<p><i>This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability.</i></p>					

## F Distributing CCC-679

LSA's shall distribute CCC-679 as follows:

- file original in a locked, fireproof file
- send 1 copy to the producer.

**Note:** Lienholder will keep 1 copy.

## 24 Using CCC-605, Designation of Agent

---

### A

#### Initial and Subsequent Designation of Agent

**[7 CFR 1427.5(e)(2)(iii)] [7 CFR 1427.19]** Producers may use CCC-605 to designate to an agent the right to redeem all or a portion of the bales pledged as collateral for a specified loan.

Such designation of an agent does not relieve the producer from the terms and conditions of the note and security agreement.

Agents designated by producers may transfer the designation to a subsequent agent by endorsement on CCC-605.

Subsequent agents, designated on CCC-605, may further transfer the designation to other subsequent agents on CCC-605 by endorsement.

---

### B

#### Additional Forms for Agent Designations

If the transfer of designation is for less bales than:

- are associated with the applicable loan, CCC-605-1 or other bale list must be completed according to subparagraph 207 C
  - originally designated by the producer, CCC-605-2 and CCC-605-1 shall be completed according to subparagraphs 207 B and 207 C, respectively.
- 

### C

#### Preparing and Using CCC-605

LSA's shall make CCC-605's, CCC-605-1's, and CCC-605-2's available to the public. Producers should be advised that a separate CCC-605 is required for each loan.

These forms shall be prepared only by producers and designated agents.

When a valid CCC-605 or CCC-605-2 and supporting CCC-605's, CCC-605-1's, and CCC-605-2's, as applicable, are presented to LSA, the last agent designated may redeem the bales covered by CCC-605 or CCC-605-2.

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Continued on the next page

**24 Using CCC-605, Designation of Agent (Continued)**

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**D****Filing Policy and Procedure**

\*--CCC-605, CCC-605-2, and CCC-605-1 are not kept on file by LSA's because CCC is not a party to these agreements. LSA filing would infer that CCC will be knowledgeable of and responsible for managing such agreements, which is not a responsibility CCC agrees to undertake. Thus, these forms are not to be kept on file by LSA's.--\*

**Exception:** If a designated agent is redeeming part of the cotton covered by CCC-605 or CCC-605-2, LSA shall place a copy of CCC-605 or CCC-605-2 and supporting CCC-605's, CCC-605-1's, and CCC-605-2's in the loan folder and return the originals to the agent.

LSA employee making any photocopy of an original CCC-605 or CCC-605-2 shall write or stamp, initial, and date the following statement on the photocopy: "This is a photocopy of the original having the required original signatures".

---

**E****Canceling CCC-605**

[7 CFR 1427.5(e)(2)(F)] Producers may cancel CCC-605's by providing a written request to LSA with the following information:

- agent
- loan number
- applicable bales.

**Note:** The producer must sign and date the request.

Any cancellation request is filed, but not the original CCC-605.

---

## 25 Required Signatures and Documents for Agent Designations

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### A

#### Signatures Required for Valid CCC-605

If CCC-605 is presented, the agent must present a properly completed CCC-605.  
\*--A FAXed copy of CCC-605 is acceptable if all signatures are represented by a signed FSA-237 obtained according to paragraph 21.

---

### B

#### Signature Required for Valid CCC-605-2

For a presented CCC-605-2 to be considered valid, the agent must present:

- a properly completed CCC-605-2 that has **the original signature, a FAXed signature represented by FSA-237, or approved impressed signature of--\*** the transferring agent according to subparagraph E
  - a copy of the original CCC-605 that was properly completed and signed by the producer
  - copies of all CCC-605-2's transferring designation for the presented CCC-605-2.
- 

### C

#### Impressed Signatures on CCC-605's and CCC-605-2's

Any signature that is affixed to an original CCC-605 or CCC-605-2 and is a reproduction of the person's or authorized person's signature shall be considered an impressed signature.

**Note: Signatures that were reproduced by a photocopy machine or a facsimile machine are not considered impressed signatures.**

---

### D

#### Registering Impressed Signatures

Each person or entity wanting to use an impressed signature on CCC-605's or CCC-605-2's must register the following with the State Office:

- the person's name for which an impressed signature will be valid
  - a sample of the impressed signature.
- 

Continued on the next page

## 25 Required Signatures and Documents for Agent Designations (Continued)

### E

#### Approved Impressed Signatures

State Offices shall notify each LSA of the impressed signatures that have been registered with the State Office and the format in which an impressed signature is to be represented.

**Example:** Southern Cotton Merchants has registered the following impress with the State Office:

Southern Cotton Merchants

The State Office would notify LSA's that an impress signature for Bill E. Jones is acceptable on CCC-605's or CCC-605-2's if it is in the following format:

"Southern Cotton Merchants  
/s/ Bill E. Jones".

### F

#### Presenting Documents at the County Office

[7 CFR 1427.5(e)(2)] The following table shows what must be presented at the County Office or LSA where the loan originated by designated agents based on who is presenting CCC-605 and whether all or a portion of the loan quantity is being redeemed.

Type of Designation	Producer to Agent "A"	Agent "A" to Agent "B"
Situation	Producer has designated Agent "A" to redeem all or a portion of the bales of a specific loan.	Agent "A" has transferred the designation to Agent "B" for all the bales designated by the producer.
CCC-605 or CCC-605-2 Presented	CCC-605: <ul style="list-style-type: none"> <li>original signatures of producer</li> <li>"ALL" is checked (item 8)</li> <li>No. of bales = 100 (item 9).</li> </ul>	CCC-605: <ul style="list-style-type: none"> <li>original endorsement by Agent "A" on CCC-605 (Reverse)</li> <li>"ALL" is checked (item 8)</li> <li>No. of bales = 100 (item 9).</li> </ul>
Document Needed for Redemption	CCC-605	CCC-605

Continued on the next page

**25 Required Signatures and Documents for Agent Designations (Continued)****F  
Presenting  
Documents at the  
County Office  
(Continued)**

<b>Type of Designation</b>	<b>Agent “B” to Agent “C”</b>	<b>Agent “C” to Agent “D”</b>
Situation	Agent “B” has transferred the designation to Agent “C” for a portion of the bales transferred by Agent “A”.	Agent “C” has transferred the designation to Agent “D” for a portion of the bales transferred by Agent “B”.
CCC-605 or CCC-605-2 Presented	CCC-605-2: <ul style="list-style-type: none"> <li>• original signatures of Agent “B” as agent</li> <li>• No. of Bales = 25 (item 6).</li> </ul>	CCC-605-2: <ul style="list-style-type: none"> <li>• new CCC-605-2</li> <li>• original signatures of Agent “C” as agent</li> <li>• No. of Bales = 10 (item 6).</li> </ul>
What Is Needed Before LSA Will Allow Redemption or Extension	CCC-605-2 and the following supporting documentation: <ul style="list-style-type: none"> <li>• list of 25 bale receipt numbers</li> <li>• copy of CCC-605 signed by producer, and endorsed by Agent “A” transferring designation to Agent “B”.</li> </ul>	CCC-605-2 and the following supporting documentation: <ul style="list-style-type: none"> <li>• list of 10 bale receipt numbers</li> <li>• copy of CCC-605-2 signed by Agent “B” transferring designation for 25 bales to Agent “C”</li> <li>• copy of the list of 25 bales transferred from Agent “B” to Agent “C”</li> <li>• copy of CCC-605 signed by producer and endorsed by Agent “A” transferring designation to Agent “B”.</li> </ul>

## 26 Using CCC-605-2, Designation of Subsequent Agent

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### A

#### Preparing CCC-605-2's

Agents who want to redeem only a portion of the cotton listed on CCC-605 or CCC-605-2 designating themselves as agent, may prepare a new CCC-605-2, completed according to subparagraph 27 B, which transfers only those bales the agent wants to redeem to themselves.

**Note:** For this purpose, CCC-605-2, front side, is all that is required. Copies of CCC-605-2 without a reverse side shall be acceptable if the front side is completed properly.

---

### B

#### Supporting Documentation

Agents who prepare a new CCC-605-2 for redeeming cotton under loan must submit to LSA a new CCC-605-2, with the original signature or approved impressed signature, and a copy of the original CCC-605 and supporting CCC-605-2's, as applicable.

---

### C

#### CCC-605-1 Signature

LSA's shall not require CCC-605-1, or other bale list, to be signed when accompanied by CCC-605's that transfer the right to redeem the cotton loan from an agent to themselves.

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## 27 Completing Designation of Agent Forms

A

**Instructions for CCC-605** CCC-605's must be completed according to this table before being accepted.

Item	Instructions
1	County Office name and address must be entered.
2	Producer's name and address must be entered.
3	Agent's name and address must be entered.
4	LSA name and address where loan documents are held must be entered.
5	Maturity date for the loan under which the cotton is currently pledged must be entered.
6	Applicable loan number must be entered. <b>Note:</b> Separate CCC-605's are required for each loan.
7	Crop year of the cotton must be entered.
8	If: <ul style="list-style-type: none"> <li>the total loan quantity is being designated by the producer, the "ALL" box must be checked</li> <li>a partial loan quantity is being designated by the producer or, if applicable, a partial designated quantity is being designated by the agent or subsequent agent, the "See attached Form CCC-605-1 or other" box must be checked.</li> </ul> <b>Note:</b> A list other than CCC-605-1 may be used if it provides the same information as CCC-605-1 and be properly dated and signed by the producer.
9	The total number of bales covered by the applicable CCC-605 must be entered.
10	All producers or designated agent who signed the applicable CCC-Cotton A must sign and date. <b>Note:</b> Date of signatures <b>may</b> be before the loan disbursement date.
11	If the entire loan quantity indicated on the front of CCC-605 is being transferred, the transferrer shall: <ul style="list-style-type: none"> <li>enter the transferrer's name</li> <li>enter the transferee's name</li> <li>endorse by signing.</li> </ul> <b>Note:</b> If the entire quantity covered by the front of CCC-605 is not being transferred, CCC-605-2 must be prepared and completed.

Continued on the next page



## 27 Completing Designation of Agent Forms (Continued)

### A

### Instructions for CCC-605 (Continued)

The following is an example of CCC-605.

<b>REPRODUCE LOCALLY.</b> Include form numbers and date on all reproductions. <b>CCC-605</b> U. S. DEPARTMENT OF AGRICULTURE (10-13-00) Commodity Credit Corporation <b>DESIGNATION OF AGENT - COTTON</b>		Form Approved - OMB No. 0560-0074 1. COUNTY OFFICE NAME AND ADDRESS (Include ZIP CODE) Beltwide LSA 666 Cotton Lane Lubbock, TX 98765 TELEPHONE NUMBER ( 703 ) 261-4339	
<b>INSTRUCTIONS: ITEMS 1-10 MUST BE COMPLETED.</b>			
<b>PART A - LOAN AND AGENT DATA</b>			
2. PRODUCER'S NAME AND ADDRESS Mary Louise Maddox 24 Sparkle Lane South Lubbock, TX 59438		3. AGENT'S NAME AND ADDRESS Fortune Cotton, Inc. 25 Greerback Lane Houston, TX 45678	
5. MATURITY DATE 06-30-2001		6. LOAN NUMBER 26543-4	
		7. CROP YEAR 2000	
<b>PART B - DESIGNATION OF AGENT FOR LOAN REDEMPTION</b>			
<i>THE UNDERSIGNED PRODUCER(S) ("PRODUCER") hereby authorizes the agent identified in Item 2 or, if applicable, the subsequent agent identified by endorsement on the reverse side of this form or the execution of a Form CCC-605-2, to redeem all or a portion of the cotton pledged as collateral for the loan identified in Part A. The Producer agrees that no other Form CCC-605 has been or will be executed with respect to such cotton. If this form covers all the warehouse receipts pledged as security for the loan as described in Part A, mark "all" in Item 8. If this form is for only some of the warehouse receipts pledged as security for the loan, mark "see attached Form CCC-605-1, or other list" and enter the bale receipt number(s) in numerical order on Form CCC-605-1 or other list properly dated and signed by the producer. Attach CCC-605-1 or other list to this form.</i>			
8. LOAN QUANTITY APPLICABLE TO THIS AGREEMENT: ALL <input checked="" type="checkbox"/> See attached Form CCC-605-1 or other list <input type="checkbox"/>		9. NUMBER OF BALES 35	
Title to the cotton shall, without a sale thereof, immediately vest in CCC upon maturity of the loan. CCC shall have no obligation to pay for any market value which the cotton may have in excess of the amount of the loan. CCC may sell, transfer and deliver the cotton or documents evidencing title thereto at such time, in such manner, and upon such terms and conditions as CCC may determine, without demand, advertisement, or notice of the time and place of sale. CCC does not guarantee that the cotton subject to this agreement will be permitted to be redeemed at a level lower than the original loan level if the producer has exceeded statutory payment limitation amounts. In addition, CCC does not guarantee that the cotton subject to this agreement will not be redeemed by anyone other than the designated agent or that the warehouse receipts representing the cotton will not be released to anyone other than the designated agent.			
10A. SIGNATURE OF PRODUCER		10B. SIGNATURE OF PRODUCER	
DATE		DATE	
10C. SIGNATURE OF PRODUCER		10D. SIGNATURE OF PRODUCER	
DATE		DATE	
11. REMARKS			
NOTE: These statements are made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the Agricultural Act of 1949, as amended, the Federal Agriculture Improvement and Reform Act of 1996, the Commodity Credit Corporation Charter Act, as amended, and regulations (7 CFR Part 1427). The information will be used to determine who may repay cotton loans. Furnishing the requested information is voluntary, however, without it assistance cannot be provided. This information may also be provided to other USDA agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to orders of a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to information provided.  According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0074. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.			

Continued on the next page

CCC-605 (REVERSE) (10-13-00)

## ENDORSEMENTS

**THE TRANSFEROR/ENDORSER MUST COMPLETE THE RELEVANT INFORMATION FOR EACH TRANSFER. FAILURE TO COMPLETE THE INFORMATION RENDERS THIS CCC-605 VOID.**

Endorsement transfers both functions specified in Parts B, if applicable, and the transferor agent's authority is extinguished.

**13. BY ENDORSEMENT:**

A. \_\_\_\_\_  
(Name of agent)

does hereby transfer the functions specified in Part B:

TO \_\_\_\_\_  
(Name of subsequent agent)

BY \_\_\_\_\_  
(Signature of agent)

D. \_\_\_\_\_  
(Name of agent)

does hereby transfer the functions specified in Part B:

TO \_\_\_\_\_  
(Name of subsequent agent)

BY \_\_\_\_\_  
(Signature of agent)

B. \_\_\_\_\_  
(Name of agent)

does hereby transfer the functions specified in Part B:

TO \_\_\_\_\_  
(Name of subsequent agent)

BY \_\_\_\_\_  
(Signature of agent)

E. \_\_\_\_\_  
(Name of agent)

does hereby transfer the functions specified in Part B:

TO \_\_\_\_\_  
(Name of subsequent agent)

BY \_\_\_\_\_  
(Signature of agent)

C. \_\_\_\_\_  
(Name of agent)

does hereby transfer the functions specified in Part B:

TO \_\_\_\_\_  
(Name of subsequent agent)

BY \_\_\_\_\_  
(Signature of agent)

F. \_\_\_\_\_  
(Name of agent)

does hereby transfer the functions specified in Part B:

TO \_\_\_\_\_  
(Name of subsequent agent)

BY \_\_\_\_\_  
(Signature of agent)

Continued on the next page

## 27 Completing Designation of Agent Forms (Continued)

### B

**Instructions for CCC-605-2** CCC-605-2's, including supporting CCC-605-2's, must be completed according to this table before being accepted.

Item	Instructions
1	Agent's name and address must be entered.
2	Subsequent agent's name and address must be entered.
3	LSA name and address where loan documents are held must be entered.
4	Maturity date for the loan under which the cotton is currently pledged must be entered.
5	Applicable loan number must be entered.  <b>Note:</b> Separate CCC-605-2's are required for each loan.
6	Enter number of bales listed on attached CCC-605-1 or other acceptable bale list.
7	Crop year of the cotton must be entered.
8	The transferring agent must sign.
9	<p>If the entire loan quantity indicated on the front of CCC-605-2 is being transferred, the transferrer shall:</p> <ul style="list-style-type: none"> <li>• enter the transferrer's name</li> <li>• enter the transferee's name</li> <li>• endorse by signing.</li> </ul> <p><b>Note:</b> If the entire quantity covered by the front of CCC-605 is not being transferred, a new CCC-605-2 must be prepared and completed.</p>

Continued on the next page

## 27 Completing Designation of Agent Forms (Continued)

**B**  
**Instructions for**  
**CCC-605-2**  
**(Continued)**

The following is an example of CCC-605-2.

REPRODUCE LOCALLY. Include from number and date on all reproductions.		Form Approved - OMB No. 0560-0074	
<b>CCC-605-2</b> (09-19-00)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	
<b>DESIGNATION OF SUBSEQUENT AGENT - COTTON</b>			
<p><b>NOTE:</b> The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the Agricultural Act of 1949, as amended, the Federal Agriculture Improvement and Reform Act of 1996, the Commodity Credit Corporation Charter Act, as amended, and regulations (7 CFR Part 1427). The information will be used to determine who may repay cotton loans. Furnishing the requested information is voluntary, however, without it assistance cannot be provided. This information may also be provided to other USDA agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to orders of a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 285, 287, 371, 641, 951, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.</p> <p>According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0074. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. <b>RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</b></p>			
<b>INSTRUCTIONS: Items 1-8 must be completed by Agent.</b>			
<b>PART A - LOAN AND AGENT DATA.</b>			
<b>1. AGENT'S NAME AND ADDRESS</b>  Jack Heber Rt. 1, Box 89 Sometown, SS 23485	<b>2. SUBSEQUENT AGENT'S NAME AND ADDRESS</b>  Bill Aftermore P.O. Box 44 Sometown, SS 23485	<b>3. OFFICE HOLDING WAREHOUSE RECEIPTS</b>  Seedfar LSA P.O. Box 234 Sometown, SS 23485	
<b>4. MATURITY DATE</b>  7-31-9X	<b>5. LOAN NUMBER</b>  67	<b>6. NUMBER OF BALES</b>  5	<b>7. CROP YEAR</b>  200X
<b>PART B - DESIGNATION OF SUBSEQUENT AGENT FOR LOAN REDEMPTION.</b>			
<p><b>THE UNDERSIGNED AGENT ("AGENT")</b> hereby authorizes the subsequent agent identified Item 2 as the agent to act on behalf of the Producer or another subsequent agent as evidenced by endorsement on the reverse side of this form or the execution of a subsequent Form CCC-605-2, to redeem the cotton pledged as collateral for the loan identified in Part A which is listed on the attached Form CCC-605-1 or other list properly dated and signed by the Agency. The Agent agrees that no other Form CCC-605-2 has been or will be executed with respect to such cotton. A copy of the CCC-605 and any other CCC-605-2 that provide proof of the Agent's authority to designate a subsequent agent shall be attached.</p> <p>Title to the cotton shall, without a sale thereof, immediately vest in CCC upon maturity of the loan. CCC shall have no obligation to pay for any market value which the cotton may have in excess of the amount of the loan. CCC may sell, transfer and deliver the cotton or documents evidencing title thereto at such time, in such manner, and upon such terms and conditions as CCC may determine, without demand, advertisement, or notice of the time and place of sale. CCC does not guarantee that the cotton subject to this agreement will be permitted to be redeemed at a level lower than the original loan level if the producer has exceeded statutory payment limitation amounts. In addition, CCC does not guarantee that the cotton subject to this agreement will not be redeemed by anyone other than the designated agent or the warehouse receipts representing the cotton are not released to anyone other than the designated agent.</p>			
<b>8. SIGNATURE OF AGENT</b>  <i>/s/ Jack Heber</i>			<b>DATE</b>  11-17-0X
<b>9. REMARKS</b>     			
<p>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.</p>			

Continued on the next page

## 27 Completing Designation of Agent Forms (Continued)

**B**  
**Instructions for**  
**CCC-605-2**  
**(Continued)**

CCC-605-2 (REVERSE) (09-19-00)	
ENDORSEMENTS	
<p><b>THE TRANSFEROR/ENDORSEER MUST COMPLETE THE RELEVANT INFORMATION FOR EACH TRANSFER. FAILURE TO COMPLETE THE INFORMATION RENDERS THIS CCC-605-2 VOID.</b></p> <p>Endorsement transfers both functions specified in Part B, and the transferor agent's authority is extinguished.</p>	
<p><b>10. BY ENDORSEMENT:</b></p>	
<p><b>A.</b> _____  (Name of agent)</p> <p>does hereby transfer the functions specified in Part B:</p> <p>TO _____  (Name of subsequent agent)</p> <p>BY <u>/s/ Bill Aftermore</u>  (Signature of agent)</p>	<p><b>D.</b> _____  (Name of agent)</p> <p>does hereby transfer the functions specified in Part B:</p> <p>TO _____  (Name of subsequent agent)</p> <p>BY _____  (Signature of agent)</p>
<p><b>B.</b> _____  (Name of agent)</p> <p>does hereby transfer the functions specified in Part B:</p> <p>TO _____  (Name of subsequent agent)</p> <p>BY _____  (Signature of agent)</p>	<p><b>E.</b> _____  (Name of agent)</p> <p>does hereby transfer the functions specified in Part B:</p> <p>TO _____  (Name of subsequent agent)</p> <p>BY _____  (Signature of agent)</p>
<p><b>C.</b> _____  (Name of agent)</p> <p>does hereby transfer the functions specified in Part B:</p> <p>TO _____  (Name of subsequent agent)</p> <p>BY _____  (Signature of agent)</p>	<p><b>F.</b> _____  (Name of agent)</p> <p>does hereby transfer the functions specified in Part B:</p> <p>TO _____  (Name of subsequent agent)</p> <p>BY _____  (Signature of agent)</p>

Continued on the next page

## 27 Completing Designation of Agent Forms (Continued)

### C

#### Instructions for CCC-605-1

If the producer or, if applicable, the agent or subsequent agent designates less quantity than the loan quantity or designated quantity, a properly completed CCC-605-1 must be attached to CCC-605 or CCC-605-2 before being accepted.

**Note:** A list other than CCC-605-1 may be attached if the same information that is on CCC-605-1 is provided and the list is signed and dated by the producer or, if applicable, the agent.

Item	Instructions
1	Name and address of producer or, if applicable, the name and address of transferring agent must be entered.
2	Name and address of agent or, if applicable, the name and address of subsequent agent must be entered.
3	Name of LSA holding warehouse receipts must be entered.
4	Maturity date of applicable loan must be entered.
5	Applicable loan number must be entered.
6	Applicable crop year must be entered.
Warehouse Receipt Number	List of applicable warehouse receipt numbers in numerical order must be entered.
Signature and Date	<p>Producer's signature and date or, if applicable, transferring agent's signature and date must be entered.</p> <p><b>Note:</b> If CCC-605-2 is prepared according to paragraph 206, signature is not required.</p>

Continued on the next page

## 27 Completing Designation of Agent Forms (Continued)

### C Instructions for CCC-605-1 (Continued)

The following is an example of CCC-605-1.

REPRODUCE LOCALLY. Includes form numbers and date on all reproductions.		Form Approved - OMB No. 0560-0074	
<b>CCC-605-1</b> (09-19-00)		<b>U. S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation	
<b>DESIGNATION OF AGENT - COTTON</b> <b>(CONTINUATION SHEET TO FORM CCC-605)</b>			
<p><b>NOTE:</b> The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1980, as amended. The authority for requesting the following information is the Agricultural Act of 1949, as amended, the Federal Agriculture Improvement and Reform Act of 1996, the Commodity Credit Corporation Charter Act, as amended, and regulations (7 CFR 1427). The information will be used to determine who may repay cotton loans. Furnishing the requested information is voluntary, however, without it assistance cannot be provided. This information may also be provided to other USDA agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to orders of a court, magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371; 441, 631, 1001, 18 USC 714m; and 31 USC 3725, may be applicable to the information provided.</p> <p>According to the Paperwork Reduction Act of 1980, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0074. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.</p> <p><b>RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</b></p>			
1. PRODUCER'S NAME AND ADDRESS	2. AGENT'S NAME AND ADDRESS	3. COUNTY OFFICE HOLDING WAREHOUSE RECEIPTS	
Jim Howard RT. 1, Box 120 Sometown, SS 23485	Bill Smith P.O. Box 2364 Sometown, SS 22998	Seedfar LSA P.O. Box 234 Sometown, SS 23485	
4. MATURITY DATE	5. LOAN NUMBER	6. CROP YEAR	
6-30-0X	67	200X	
7. List warehouse receipt numbers in numerical order.			
WHSE. RECEIPT NO.	WHSE. RECEIPT NO.	WHSE. RECEIPT NO.	WHSE. RECEIPT NO.
1 915666	21	41	61
2 915667	22	42	62
3 915700	23	43	63
4 915703	24	44	64
5 915706	25	45	65
6 915707	26	46	66
7 915708	27	47	67
8 915709	28	48	68
9 915710	29	49	69
10 915720	30	50	70
11	31	51	71
12	32	52	72
13	33	53	73
14	34	54	74
15	35	55	75
16	36	56	76
17	37	57	77
18	38	58	78
19	39	59	79
20	40	60	80
8. SIGNATURE OF PRODUCER			DATE
/s/ Jim Howard			9-15-0X
<p>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2800 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.</p>			

## 28 Beneficial Interest Requirements

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### A

#### Background

When requested by LSA, producers are required to provide either of the following, as applicable, before a loan or LDP is approved:

- a copy of all written options to purchase or sales contracts
- certification, according to Exhibit 10, that no written option to purchase or sales contract has been initiated.

**Note:** The producer must provide the terms and conditions of verbal options to purchase or sales contracts on the certification according to Exhibit 10.

This paragraph provides LSA's the procedures to follow in determining whether, because of beneficial interest concerns, a producer is eligible for either a loan or LDP.

**Note:** 7-CN, paragraph 100 contains additional beneficial interest information.

---

### B

#### Procedures

LSA's shall follow the procedures in this table to determine whether a producer is eligible, based on beneficial interest status, for either a loan or LDP.

Step	Action
1	<p>Only when there is reason to believe the producer may have lost beneficial interest in a commodity, ask the producer for:</p> <ul style="list-style-type: none"> <li>• a copy of all written options to purchase or sales contracts</li> <li>• certification, according to Exhibit 10: <ul style="list-style-type: none"> <li>• that no written option to purchase or sales contract has been initiated</li> <li>• the terms and conditions of verbal options to purchase or sales contracts.</li> </ul> </li> </ul>

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Continued on the next page



## 28 Beneficial Interest Requirements (Continued)

**B**  
**Procedures**  
**(Continued)**

Step	Action		
2	<b>IF producer provides LSA...</b>	<b>AND the same contract or sales option has...</b>	<b>THEN LSA shall...</b>
	a written option to purchase or sales contract	<b>not</b> been submitted by any producer before for this crop *--year or beneficial interest is questioned	<ul style="list-style-type: none"><li>submit copy to County Office where LSA is located</li><li>request County Office to determine when beneficial interest passes according to 7-CN, paragraph 103</li></ul> <p><b>Note:</b> County Offices shall respond to LSA's within 10 workdays unless contract is referred to the State Office.--*</p> <ul style="list-style-type: none"><li>go to step 3.</li></ul>
		been submitted before for this *--crop year or beneficial interest is not questioned---*	go to step 3.
	certification that no written option to purchase or sales contract exists		go to step 5.
3	Using memorandum from County Office and, if necessary, by contacting producer, determine whether beneficial interest has already passed or will pass before loan or LDP can be processed.		
4	<b>IF beneficial interest has...</b>	<b>THEN...</b>	
	<b>not</b> passed	<ul style="list-style-type: none"><li>attach the memorandum from the County Office to documents referencing when beneficial interest passes</li><li>go to step 5.</li></ul>	
	passed or will pass before loan or LDP documents can be processed	<ul style="list-style-type: none"><li><b>stop</b> the process</li><li>return documents to producer with attachment informing producer of denial, reason, and that the producer may appeal the denial to the County Office.</li></ul>	
5	Continue the loan or LDP process.		



## Part 3 Preparing and Disbursing Loans

## 36 Loan Disbursement Overview

A

How LSA's

LSA's shall follow the procedures in this table to make loan disbursements.

Make a Loan

Disbursement

Step	Action	
1	Receive from producers: <ul style="list-style-type: none"> <li>• warehouse receipts or EWR numbers and EWR provider's name</li> <li>• classification data</li> <li>• beneficial interest information as provided in paragraph 28</li> <li>• information required for CCC-Cotton A and CCC-Cotton A-1</li> <li>• a power of attorney, if FSA-211 has been completed</li> <li>• *--lien waivers, if necessary.--*</li> </ul> * * *	
2	Follow procedures in paragraph 28 to determine whether beneficial interest is held by the producer at time of loan advance.	
	<b>IF...</b>	<b>THEN...</b>
	held	continue.
	not held	stop process and return receipts and classification data to producer.
3	Determine eligibility according to 1-CMA.	
	<b>IF...</b>	<b>THEN...</b>
	eligible	continue.
	not eligible	stop process and return receipts and classification data to producer.

Continued on the next page

## 36 Loan Disbursement Overview (Continued)

**A**  
**How LSA's**  
**Make a Loan**  
**Disbursement**  
**(Continued)**

Step	Action
4	Conduct lien search.
	<b>IF liens...</b>
	exist
	do not exist
	<b>THEN...</b>
	obtain CCC-679.
	continue.
5	Instruct producer to notify EWR provider to amend EWR to show CCC as holder at LSA.
6	Calculate loan advance, and complete CCC-Cotton A and CCC-Cotton A-1.
7	Recheck all loan documents for accuracy.
8	<p>Obtain signatures on CCC-Cotton A from producer or producer's agent on FSA-211, if applicable, and inform signee that he or she has either of the following options:</p> <ul style="list-style-type: none"> <li>sign and submit CCC-Cotton A within 15 calendar days by FAX or return mail</li> </ul> <p><b>Note:</b> If FAXed, obtain copy of FSA-237 from a County Office or a notarized FSA-237 from the producer.</p> <ul style="list-style-type: none"> <li>cancel the loan.</li> </ul> <p><b>Note:</b> If canceled, the producer may reapply.</p>
9	<p>*--Submit loan transaction to ACRS, according to 21-CN, receive loan funds from CCC,--*</p> <p>and issue loan disbursement less net R&amp;P fees and service charges to producer within 3 calendar days.</p> <p>* * *</p>
10	File and deliver executed loan documents as instructed in this handbook.

## 37 Before Processing the Loan

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### A

#### Overview

This paragraph establishes criteria required by LSA's before they process and issue a loan disbursement.

---

### B

#### Producer and Farm Eligibility

Determine eligibility according to 1-CMA.

---

### C

#### Eligible Cotton

Cotton shall be eligible for loan through LSA's when it meets **all** eligibility requirements in 7-CN.

**Notes:** Cotton may not be replugged as collateral for CCC loan.

7-CN contains information regarding dates loans are available.

LSA's shall call any loan immediately upon discovery that the cotton has become ineligible.

The producer may provide bale detail data by bringing to LSA cotton bale data prepared according to 7-CN.

---

### D

#### Required Documentation

Producers shall provide LSA acceptable:

- warehouse receipts according to 7-CN, or EWR numbers and EWR provider's name
  - beneficial interest information as provided in paragraph 28
  - classification data according to 7-CN.
- 

Continued on the next page

**37 Before Processing the Loan (Continued)****E****Completing****CCC Cotton A-5**

CCC Cotton A-5 shall be completed to serve as a source document for preparing cotton loans.

Complete CCC Cotton A-5 according to this table. File the original copy in the LSA Office and give a copy to the producer.

Item	Instructions
Part A	
1-7	Enter the information provided by the producer.
*--8	<p>Enter the later of the following dates:</p> <ul style="list-style-type: none"> <li>the date of receipt from the producer of any paper documents necessary to complete the loan, such as a lien waiver</li> </ul> <p><b>Note:</b> The date by which a lien search is conducted is not applicable to this item.</p> <ul style="list-style-type: none"> <li>the date CCC was made holder of EWR's</li> <li>if applicable, the date paper warehouse receipts were delivered to LSA.</li> </ul>
9	Enter the date signed by the producer in Part B.--*
10	Leave blank or use for file sequence number of the loan.
11-17	Check the appropriate block based on information provided by the producer and County Office records.
18	Enter applicable date.
Part B	LSA representative and producer shall sign and date.
Part C	Enter disbursement data applicable to all setoffs and any payees other than the producer sharing in the loan's proceeds.

Continued on the next page

## 37 Before Processing the Loan (Continued)

**E**  
**Completing**  
**CCC Cotton A-5**  
**(Continued)**

REPRODUCE LOCALLY. Include form number and date on reproductions. Form Approved - OMB No. 0560-0074

<b>CCC Cotton A-5</b> U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation <b>STATEMENT OF ELIGIBILITY AND INFORMATION WORKSHEET</b>		A. COUNTY OFFICE NAME, ADDRESS, & TELEPHONE NUMBER		B. CROP YEAR  <b>199X UP</b>	
------------------------------------------------------------------------------------------------------------------------------------------------------	--	----------------------------------------------------	--	------------------------------------	--

**NOTE:** The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the Agricultural Act of 1949, as amended, the Federal Agriculture Improvement and Reform Act of 1996, the Commodity Credit Corporation Charter Act, as amended, and regulations (7 CFR 1427). The information will be used to determine eligibility for cotton loan program benefits. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for cotton loan program benefits. This information may also be provided to other USDA agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to orders of a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001, 15 USC 714m, and 31 USC 3729, may be applicable to the information provided.

Federal Agencies may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Department of Agriculture, Clearance Officer, OIRM (OMB No. 0560-0074), Stop 7630, Washington, D.C. 20250-7630. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.

**PART A - ELIGIBILITY AND RELATED INFORMATION**

1. OPERATOR'S NAME, ADDRESS, AND IDENTIFICATION NUMBER Jim Wissore/256-36-0110-1 Rt. 2, Box 333 Yuma, AZ 00000		CONTACT PRODUCER Same		CROP SHARE 100 %		4. FARM NUMBER WHERE COTTON WAS PRODUCED 1111	
2. OWNER'S NAME, ADDRESS, AND IDENTIFICATION NUMBER Same						5. GIN CODE 41560	
3. OTHER PRODUCER'S NAME, ADDRESS, AND IDENTIFICATION NUMBER None						6. WAREHOUSE CODE 232487	
						7. NO. OF WAREHOUSE RECEIPTS 20	
						8. DATE RECEIPTS OR TRANSMISSION DATA RECEIVED 12-18-9X	
						9. DATE OF APPLICATION 12-18-9X	
						10. FILE NAME	

ITEM (Check)	N/A	YES	NO	ITEM (Check)	N/A	YES	NO
11. Did operator separate landlord's bales?	X			15. Can the operator sign as agent for the owner?	X		
12. Are the producer and cotton eligible for the loan?		X		16. Must note be mailed for owner's signature?	X		
13. Is the producer on the debt records?			X	17. Will owner come to county office to sign note?		X	
14. Is there a lien on the crop?			X	18. Date that note will be ready for signature and checks printed?			Date

17. IF ANSWER TO ITEM 14 IS YES, ENTER NAME AND ADDRESS OF LIENHOLDER(S)

**PART B - CERTIFICATION OF ELIGIBILITY**

I certify that the cotton on which this loan is requested has not been sold and that, any sales option on such cotton that has been granted to a buyer does not provide that the buyer may direct me to pledge the cotton to CCC as collateral for this loan.

SIGNATURE OF CCC REPRESENTATIVE	DATE	SIGNATURE OF PRODUCER	DATE
---------------------------------	------	-----------------------	------

**PART C - DISBURSEMENT DATA**

1. SETOFF(S) (Including debt I.D., if applicable) AND PAYEE(S)	2. DEBT IDENTIFICATION	3. CHECK AMOUNT (\$)
Frank Johnson		2,506.00
Tom Ferguson		475.03

This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability.

☐ ORIGINAL
 ☐ COUNTY OFFICE COPY
 ☐ AUTHORIZED LSA or LOAN CLERK COPY
 ☐ PRODUCER'S COPY

**38 Using CCC-Cotton A, Cotton Producer's Note and Security Agreement****A****Purpose**

CCC-Cotton A is the basic document used by CCC to obtain producer information and legal authority to pledge cotton for loan.

**B****Policy**

All bales pledged on CCC-Cotton A shall be:

- stored in the same warehouse
- ginned at the same gin.

**C****Completing  
CCC-Cotton A**

Complete CCC-Cotton A according to this table.

**Note:** These instructions are for manually-prepared loans \* \* \*.

Item	Instructions
1	<p>ENTER "X" if more space is needed:</p> <ul style="list-style-type: none"> <li>• to enter producer information according to item 9</li> <li>• for producer signatures according to item 12.</li> </ul>
2	Enter name and address of producer applying for loan benefits.
3	<p>Enter warehouse code.</p> <p><b>Note:</b> All bales pledged for 1 loan must have the same warehouse code.</p>
4	Enter State and county codes and farm number where produced.
5 a	Enter the loan number assigned by LSA.
5 b	Enter the applicable crop year.
5 c	<p>Enter the commodity code as follows:</p> <ul style="list-style-type: none"> <li>• "UP" for upland cotton</li> <li>• "ELS" for ELS cotton.</li> </ul>
5 d	<p>Enter the gin code number for upland cotton loans. Leave blank for ELS.</p> <p><b>Note:</b> All cotton pledged for 1 loan must be ginned at the same gin.</p>
5 e	ENTER preparation code "2C".

Continued on the next page



## 38 Using CCC-Cotton A, Cotton Producer's Note and Security Agreement (Continued)

**C**  
**Completing**  
**CCC-Cotton A**  
**(Continued)**

Item	Instructions
5 f	Enter the number of bales, which is the same as the number of warehouse receipts.
5 g	Enter the loan quantity, which is the total net pounds from the warehouse receipts.
6 a	Enter the gross loan amount according to paragraph 40.  <b>Computation:</b> This the cumulative total of all bales' loan rates, adjusted for premiums and discounts, times the net weight.
6 b	Enter the gross loan amount used to figure research and promotion fees on upland cotton loans. Leave blank for ELS.  <b>Note:</b> If charges for providing new bale ties is applicable, see 7-CN, paragraph 174.
7 a	Enter the gross loan amount.
7 b	Enter zero.
7 c	Enter the LSA service fee according to paragraph 40.
7 d	Enter R&P fee according to paragraph 40. Leave blank for ELS.
8	Enter total disbursement.
9	Enter name of each person or firm to receive any of the loans proceeds, including those listed on CCC Cotton A-5.  <b>Note:</b> When additional space is needed to list payees, ENTER "X" in the continuation code block (Item 1) and prepare CCC-Cotton A Continuation.
10	Enter producer ID.
11	Enter producer's share of loan.
12	Each producer who pledged production for the loan or persons authorized to sign for producers shall sign.  <b>Important:</b> Give each producer, or authorized agent, a copy of CCC-601 (Exhibit 5) and instruct them to read both CCC-601 and CCC-Cotton A before signing.  <b>Note:</b> Obtain spouse's signature if required by State law.
13	Enter date each producer or authorized agent signed in item 12.
14	Enter signature of authorized LSA official and date of signature.  <b>Note:</b> This date must be the same as or before the disbursement date.
15	Enter LSA's name, address, and phone number.

Continued on the next page

## 38 Using CCC-Cotton A, Cotton Producer's Note and Security Agreement (Continued)

**C**  
**Completing**  
**CCC-Cotton A**  
**(Continued)**

The following is an example of CCC-Cotton A.

READ THE ENTIRE INSTRUMENT BEFORE SIGNING. (See CCC-601 for the Privacy Act Statement)		Form Approved - OMB No. 0560-0074	
CCC-Cotton A (07-25-96)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	
		1. Form CCC-COTTON A Continuation is incorporated into this Form CCC-COTTON A when this box is marked: <input type="checkbox"/>	
<b>COTTON PRODUCER'S NOTE AND SECURITY AGREEMENT</b>			
2. Name and Mailing Address of Contact Producer		3. Warehouse Code	4. St. & Cty. Codes & Farm No. Where Produced
Sam Jones Rt. 1, Box 630 Same City, SS 12345		936066	13-113-202
5a. Loan No.	90010	7a. Loan Amount	643.63
5b. Crop Year	9X	7b. Clerk Fee	0
5c. Commodity	UP	7c. Service Fee:	3.24
5d. Gin Code	12345	7d. Research and Promotion	6.24
5e. Prep. Code	2C		
	6a. Gross Loan Amount	648.63	
	6b. Gross Loan Amount for R&P	648.63	
5f. No. Bales	3	6c. Storage Deduction	
5g. Loan Quantity	1,383.00	6d. Rec. Charge Reduction	
		8. TOTAL DISBURSEMENT	639.15
PRODUCER -9-		ID NO. -10-	PRODUCER SHARE -11-
Sam Jones		441-77-6788	1.0000
<p>The terms and conditions of the Note and Security Agreement are set forth in this Form CCC-Cotton A ("Note") and Form CCC-601, "Commodity Credit Corporation Note and Security Agreement Terms and Conditions," and any appendix thereto. By signing this Form CCC-Cotton A, each producer agrees to all terms and conditions specified in these forms and acknowledges receipt of Form CCC-601 and any appendix thereto. By signing this form, the producer agrees that: (1) the interest rate applicable to the loan will be determined in accordance with 7 CFR Part 1405 and will be the rate of interest charged by the U.S. Treasury, plus 1 percent, for funds borrowed by CCC on the date the loan proceeds are disbursed to each producer; and (2) the maturity date of the loan will be the last day of the tenth calendar month after the first day of the month in which such loan proceeds are disbursed. CCC may at any time accelerate the maturity date of this loan upon demand of payment. The loan disbursement date, actual interest rate and maturity date for the loan may be obtained at the County FSA Office listed below.</p> <p>The producer hereby sells, assigns, and mortgages, to CCC as collateral for the payment of this Note plus charges and interest, all of the commodity described in this Note and attached Form CCC-Cotton A-1, Schedule of Pledged Cotton, and Form CCC-Cotton A Continuation, if any, together with all authorized replacements, substitutions, additions, and accessions thereto, which is stored in this warehouse specified in this Note.</p>			
12. Signature		13. Date	
/s/ Sam Jones		11-9-9X	
14. APPROVED FOR CCC BY		DATE	15. Name and Address of County FSA Office
			South County LSA Rt. 1, Box 240 Same City, SS 12345
			TELEPHONE NO. (111) 692-8111
This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability.			

Continued on the next page

**38 Using CCC-Cotton A, Cotton Producer's Note and Security Agreement (Continued)**

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**D**

**Distributing  
CCC-Cotton A**

Distribute CCC-Cotton A as follows:

- file original in a locked, fireproof file
  - deliver 1 copy to applicable producer.
-

### 39 Using CCC-Cotton A Continuation

#### A

##### Purpose

CCC-Cotton A Continuation is used if on CCC-Cotton A there are more:

- than 3 producer's signatures required
- payees than space provided.

#### B

##### Completing CCC-Cotton A Continuation

Complete CCC-Cotton A Continuation according to this table.

Item	Instructions	
1	Enter LSA's CCC code number.	
2	Enter loan number assigned by LSA.	
3	Enter applicable crop year.	
4	<b>IF...</b>	<b>THEN ENTER...</b>
	upland cotton	"UP".
	ELS cotton	"ELS".
A	Enter name of each person or firm to receive any of the loan proceeds.	
B	Enter producer's ID.	
C	Enter share of the cotton.	
5	<p>Obtain signature of each producer that pledged production for the loan or person authorized to sign for the produces.</p> <p><b>Notes:</b> Each signature must be dated.</p> <p>Obtain spouse's signature if required by State law.</p> <p>Give each producer, or authorized agent, a copy of CCC-601, and instruct them to read CCC-601, CCC-Cotton A, and CCC-Cotton A Continuation before signing.</p>	

Continued on the next page

## 39 Using CCC-Cotton A Continuation (Continued)

**B**  
**Completing**  
**CCC-Cotton A**  
**Continuation**  
**(Continued)**

The following is an example of CCC-Cotton A Continuation.

READ THE ENTIRE INSTRUMENT BEFORE SIGNING (See CCC-501 for the Privacy Act Statement)		Form Approved - OMB No. 0560-0074																							
CCC-Cotton A Continuation (02-16-94)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	1. ST. & CO. CODE  13-113	2. LOAN NO.																						
CCC-COTTON A CONTINUATION SHEET		3. CROP YEAR  9X	4. COMMODITY  UP																						
PRODUCER -A-	ID NUMBER -B-	PRODUCER SHARE -C-																							
Jane Doe	402-66-7699	.1333																							
<p>5. NAMES AND SIGNATURES OF ADDITIONAL PRODUCERS AGREEING TO THIS LOAN AS SPECIFIED ON CCC-COTTON A.</p> <p>Any signatories below agree to all terms and conditions specified in Form CCC-Cotton A and any other Form CCC-Cotton A Continuation with the same loan number stated in Section 2 of this CCC-Cotton A Continuation.</p> <table border="1"> <thead> <tr> <th>Signature</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>/s/ Jane Doe</td> <td>11-23-9X</td> </tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </tbody> </table>				Signature	Date	/s/ Jane Doe	11-23-9X																		
Signature	Date																								
/s/ Jane Doe	11-23-9X																								
<p>This program will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, sex, marital status, or disability.</p>																									

Continued on the next page

**39 Using CCC-Cotton A Continuation (Continued)****C****Distributing  
CCC-Cotton A  
Continuation**

Distribute CCC-Cotton A Continuation as follows:

- file original in a locked, fireproof file
- deliver 1 copy to applicable producer.

**40 Using CCC-Cotton A-1, Schedule of Pledged Cotton****A****Purpose**

CCC-Cotton A-1 accompanies CCC-Cotton A and lists bale data for the cotton pledged as collateral for the loan.

**B****Completing  
CCC-Cotton A-1**

Complete CCC-Cotton A-1 according to this table.

Item or Column	Instructions	
1	Enter LSA's CCC code number.	
2	Enter applicable crop year and do the following.	
	<b>IF...</b>	<b>THEN ENTER...</b>
	upland cotton	"UP".
	ELS cotton	"ELS".
3	Enter loan number assigned by LSA.	
4	Enter date checks are issued.	
5	Enter name of contact producer.	
6	Enter warehouse code from the warehouse receipt. <b>Note:</b> Cotton stored at different warehouses must be processed as separate loans.	
7	<b>IF...</b>	<b>THEN...</b>
	upland cotton	enter gin code from the warehouse receipt.  <b>Note:</b> Cotton ginned at different gins must be processed as separate loans.
	ELS cotton	leave blank.

## 40 Using CCC-Cotton A-1, Schedule of Pledged Cotton (Continued)

**B**  
**Completing**  
**CCC-Cotton A-1**  
**(Continued)**

Item or Column	Instructions
8	<p>Enter the applicable code listed below:</p> <ul style="list-style-type: none"> <li>• "F" - Flat Uncompressed Bales</li> <li>• "GH" - Gin High Density Bales</li> <li>• "GS" - Gin Standard Density Bales</li> <li>• "GU" - Gin Universal Density Bales</li> <li>• "M" - Modified Flat Bales</li> <li>• "SD" - Standard Density Bales</li> <li>• "SS" - Standard Density Short Bales</li> <li>• "SU" - Universal Density Short Bales</li> <li>• "WU" - Warehouse Universal Density Bales</li> </ul> <p><b>Note:</b> If compression has been paid, enter an "X" following the applicable compression code.</p>
9	Enter the date warehouse receipts are received by LSA.
10	Enter reconcentration order number provided by KCCO, Bulk Commodities Division, Inventory Management Branch, if applicable.
11	Enter tare weight from the warehouse receipt.
12	Enter receiving charges listed on the warehouse receipt, unless receipt is stamped showing charges having been prepaid or waived.

Continued on the next page

**40 Using CCC-Cotton A-1, Schedule of Pledged Cotton (Continued)****B  
Completing  
CCC-Cotton A-1  
(Continued)**

<b>Item or Column</b>	<b>Instructions</b>
A	Enter warehouse receipt and gin tag numbers in numerical order.
B	Enter storage start date from the applicable warehouse receipt.
C	Enter storage deduction, if applicable, according to 7-CN, paragraph 174
D	Enter grade, staple, and mike from applicable classing data.
E	Enter strength and uniformity from applicable classing data.
F	Enter leaf and extraneous matter from applicable classing data.
G	Enter net weight from the applicable warehouse receipt.
H	Enter loan rate adjusted for premiums and discounts according to 7-CN, paragraph 172.
I	Enter applicable storage and receiving charges for extended loans, only when extended loans are authorized.
J	Enter loan amount applicable to each warehouse receipt.  <b>Computation:</b> Loan rate (column H) x net wt. (column G) - storage deduction (column C) - receiving charge (item 12).

Continued on the next page



## 40 Using CCC-Cotton A-1, Schedule of Pledged Cotton (Continued)

**B**  
**Completing**  
**CCC-Cotton A-1**  
**(Continued)**

The following is an example of CCC-Cotton A-1.

Page of		(See CCC-601 for Privacy Act Statement)		Form Approved - OMB No. 0560-0074						
<b>CCC-Cotton A-1</b> (07-25-96)		<b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation		1. ST. & CO. CODE 40-300	2. CROP YEAR/COMMODITY 9XUP					
<b>SCHEDULE OF PLEDGED COTTON</b>				3. LOAN NO. 90045	4. DISBURSEMENT DATE 10-10-9X					
5. NAME OF CONTACT PRODUCER Jim Howard				6. WAREHOUSE CODE 810533	7. GIN CODE 12345					
8. COMPRESS/PD STATUS GU	9. DATE DOCS/RECPTS REC. 10-9-9X	10. RECON. ORDER NO.	11. TARE 5	12. RECEIVING CHR/BALE 1.50						
LINE	WHSE. RECEIPT NO. (NUMERICAL ORDER)	STORAGE START DATE MTH. DAY YR.	STORAGE DEDUCTION	GRADE, STAPLE, AND MIKE	STRENGTH AND UNIFORMITY	LEAF AND OTHER	NET WEIGHT	LOAN RATE (CENTS)	CHARGES	AMOUNT (DOLLARS)
1	34452403 W 032456 G	10-1-9X		41 37 39	28.5 85	4 12	500	.4645		232.25
2	34452404 W 032457 G	10-1-9X		31 34 35	29.0 75	3 01	500	.5075		253.75
3	34452405 W 032458 G	10-1-9X		51 32 30	19.5 65	6 21	500	.3200		160.00
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
21										
22										
23										
24										
25										
26										
27										
28										
29										
30										
TOTAL NET WT.							1500	Total Amount	646.00	

Continued on the next page

**40 Using CCC-Cotton A-1, Schedule of Pledged Cotton (Continued)****C****Distributing  
CCC-Cotton A-1**

Distribute CCC-Cotton A-1 as follows:

- file original in a locked, fireproof file
- deliver 1 copy to applicable producer.

**D****Loan Advance  
Distribution  
Calculations**

LSA's shall follow procedures in the following table to calculate loan advance distribution amounts.

<b>Factor</b>	<b>Calculation Instruction</b>	<b>Example</b>
Gross Loan Principal	Follow instructions in 21-CN, Part 4.	
R&P Fees	Multiply the loan's: <ul style="list-style-type: none"> <li>• gross loan principal</li> <li>• times 0.005.</li> </ul> Round to 2 decimal places. Add \$1 per bale.	$  \begin{array}{r}  \$10,250.00 \\  \times .005 \\  \hline  51.25 \\  51.25 \\  + 50.00 \text{ (50 x \$1)} \\  \hline  \$101.25  \end{array}  $
LSA Fee	Multiply the loan's: <ul style="list-style-type: none"> <li>• number of bales</li> <li>• times \$0.90.</li> </ul> Add \$7.50 per loan.	$  \begin{array}{r}  50 \\  \times \$0.90 \\  \hline  \$45.00 \\  + 7.50 \\  \hline  \$52.50  \end{array}  $
Amount to Producer	Subtract: <ul style="list-style-type: none"> <li>• net loan amount</li> <li>• minus:               <ul style="list-style-type: none"> <li>• the total of R&amp;P fees</li> <li>• LSA service fees.</li> </ul> </li> </ul>	$  \begin{array}{r}  \$10,250.00 \\  \\  -101.25 \\  - 52.50 \\  \hline  \$10,096.25  \end{array}  $

**41 Seed Cotton Loans**

---

**A**

**Availability of  
Loans**

54Eligible producers of seed cotton may obtain a recourse seed cotton loan at  
\*--FSA County Offices, not LSA's.--\*

Recourse cotton seed loans are available from the beginning of harvest through  
March 31 of the calendar year after the calendar year in which the cotton was  
planted.

See 7-CN, Part 4 for seed cotton loan provisions.

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**42-49 (Reserved)**



## Part 4 Loan Servicing

### 50 Overview

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#### A

##### Purpose

This part provides LSA's instructions for processing the following loan:

- repayments using cash
- repayments using commodity certificates
- forfeitures
- reconcentrations.

**Notes:** See 7-CN for basic program provisions.

See 21-CN for instructions about processing instructions for loan documents submitted through CCB's.

---

### 51 Loan Repayments Using Cash

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#### A

##### Background

Producers or, if applicable, designated agent on CCC-605 may notify LSA at any time during the loan period that they want to repay the loan.

---

#### B

##### LSA Loan Repayment Procedures

LSA's shall follow the steps in this table when a producer or, if applicable, designated agent on CCC-605 chooses to repay a loan.

Step	Action
1	Receive notification from producer or, if applicable, designated agent on CCC-605 of intent to repay the loan.
2	Compute the repayment amount on a bale-by-bale basis, including any denied benefits applicable to the repayment according to 21-CN.
3	Prepare: <ul style="list-style-type: none"> <li>• list of bale repayments</li> <li>• updated statement of producer's loan balance.</li> </ul>

---

Continued on the next page

**51 Loan Repayments Using Cash (Continued)**

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**B  
LSA Loan  
Repayment  
Procedures  
(Continued)**

<b>Step</b>	<b>Action</b>
4	Update records to indicate bales repaid and those remaining under loan.
5	Inform producer or, if applicable, designated agent on CCC-605 of amount due CCC.
6	Accept payment from producer or, if applicable, designated agent on CCC-605 made payable to LSA.
7	Prepare CCB documents according to 21-CN.
8	Go to CCB, within 3 calendar days of the payment delivery to LSA, to: <ul style="list-style-type: none"> <li>• deposit payment in LSA's account</li> <li>• deliver loan documents</li> <li>• make payment from LSA's account to CCC</li> <li>• identify redeemers.</li> </ul>
9	Release EWR's or return individual card warehouse receipts released by CCB to producer or, if applicable, designated agent on CCC-605.

---

**C  
Distributing  
Repayment  
Documents**

Distribute repayment documents as follows:

- file originals
  - deliver 1 copy to applicable producer or, if applicable, designated agent on CCC-605.
-

**52 Loan Repayments Using Commodity Certificate Exchange for Loan Collateral**

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**A  
Policy**

Effective since February 22, 2000, upland cotton marketing assistance loan collateral has been eligible for exchange for commodity certificates **if AWP is less than NALR**. This exchange process no longer involves issuing CCC-6.

Commodity certificates are not issued for any of the following:

- exchange with collateral of seed cotton loans
- exchange with collateral of ELS cotton loans
- CCC-owned inventory.

Market gains from exchanging certificates for loan collateral are:

- not reported by FSA to IRS on CCC-1099-G
- not subject to payment limitation.

Eligible producers must:

- have an outstanding upland cotton loan, not past maturity
- immediately exchange the commodity certificate for loan collateral.

Loan collateral exchanged for a commodity certificate is not eligible to be repledged.

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Continued on the next page

**52 Loan Repayments Using Commodity Certificate Exchange for Loan Collateral (Continued)****B****Certificate  
Exchange  
Process**

Following are the steps by which loan collateral is exchanged for commodity certificates.

Step	Action
1	LSA may accept a request to acquire outstanding loan collateral using a commodity certificate from either of the following: <ul style="list-style-type: none"> <li>• a producer who signed CCC-Cotton A</li> <li>• such producer's agent designated by the producer on CCC-605 or FSA-211.</li> </ul>
2	LSA identifies loan/loan quantity and determines exchange value (loan repayment amount) according to 21-CN.
3	Producer/producer agent purchases commodity certificate for the exact dollar value needed to acquire the loan collateral. <p><b>Note:</b> The exchange rate is AWP, as determined by CCC and in effect on the day the repayment is received by LSA, adjusted for location, quality, and allowable CCA, multiplied by the net bale weight, plus compression charges that were previously paid by CCC, minus warehouse storage charges according to 7-CN, subparagraph 198 A.</p>
4	Producer/producer agent signs for the commodity certificate using CCC-694-2 and immediately exchanges it for loan collateral.
5	LSA processes the commodity certificate repayment in ACRS as an "N" transaction using the instructions for a "C" transaction according to 21-CN, paragraph 67 and Section 3.
6	LSA prepares a CCC-719 trailer record for transaction code "N" according to 21-CN, subparagraph 216 A.
7	LSA shall <b>not</b> prepare a certificate trailer record according to 21-CN, paragraph 268.
8	LSA prepares CCC-719 according to 21-CN, paragraph 420.
9	LSA delivers loan documents and payments to CCB following rules for the timing of submissions according to 21-CN, subparagraph 423 B.
10	LSA releases warehouse receipts in the normal manner.

Continued on the next page



**52 Loan Repayments Using Commodity Certificate Exchange for Loan Collateral (Continued)****C****Purpose and Use  
of CCC-694-2**

CCC-694-2 is the acknowledgment of the Commodity Certificate purchase by the producer/producer's agent.

LSA shall prepare one CCC-694-2 for all loans being exchanged at 1 time.

**CCC-694-2 must never leave LSA, be copied, or be FAXed.** Each CCC-694-2 is filed in the producer's loan folder.

**D****Completing  
CCC-694-2**

Manually complete CCC-694-2 according to the following table.

Item	Instructions
1	Enter the crop year.
2A	Enter the name and address of the producer/producer's agent purchasing the certificate for loan collateral exchange.
2B	If applicable, enter the ID number of the producer requesting the certificate.
3	No entry required.
4	Enter the check number received from the buyer of the certificate.
5	Enter the date of the check.
6	Enter the amount of the check.
7	Enter the batch sequence number(s) from the bale detail record.
Part B	Obtain the signature of the producer/producer's agent and the date of signature.  Place CCC-694-2 in the producer's applicable loan folder.

Continued on the next page

## 52 Loan Repayments Using Commodity Certificate Exchange for Loan Collateral (Continued)

### D Completing CCC-694-2 (Continued)

The following is an example of a completed CCC-694-2.

REPRODUCE LOCALLY. Include form number and date on all reproductions.				Form Approved - OMB No. 0560-0087	
<b>CCC-694-2</b> (04-27-00)				U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	
<b>ACKNOWLEDGMENT OF COMMODITY CERTIFICATE PURCHASE</b>				1. Crop Year  2000	
2A. Name and Address of Contact Producer Jeff Thomas RR 1, Box 2 Anytown, USA				3. Name of Seller:  <b>COMMODITY CREDIT CORPORATION</b>	
2B. Producer ID Number: XXX-XX-XXXX					
<b>PART A - COMMODITY CERTIFICATE EXCHANGE IDENTIFICATION</b>					
4. Check Number	5. Check Date	6. Check Amount	7. Commodity Certificate Transaction No.(s)		
3302	2-22-00	\$ 9,500	00-00210-0001 00-00256-0002		
<b>PART B - PRODUCER REQUEST AND AGREEMENT</b>					
8. I acknowledge: (1) receipt of Commodity Credit Corporation (CCC) Commodity Certificate which I requested to purchase from CCC; (2) that the certificate will be exchanged with CCC in the manner specified in CCC regulations at 7 CFR Part 1400 in order that I may receive commodities from CCC which had been pledged as collateral for a CCC marketing assistance loan; and (3) that for purposes of valuing the commodity acquired under this transaction, such value will be the marketing loan repayment rate applicable under 7 CFR Parts 1421 (commodities other than upland cotton) and 1427 (upland cotton) for the commodity determined as of the day I made payment to CCC for the commodity certificate.					
Producer's Signature		Date	Producer's Signature		Date
/s/ Jeff Thomas		2-22-00			
Producer's Signature		Date	Producer's Signature		Date
9. REMARKS:					
<b>NOTE:</b> The above statements are made in accordance with the Privacy Act of 1974 (5 USC 522a) and Paperwork Reduction Act of 1995, as amended. 7 CFR Parts 1401, 1421, 1425, and 1427 authorize collection of the above information. Providing this information is voluntary; however, without it authorization may not be granted. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.  According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information is 0560-0087. The time required to complete this information collection is estimated to average 6 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.					
<small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.</small>					

Continued on the next page

**52 Loan Repayments Using Commodity Certificate Exchange for Loan Collateral (Continued)**

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**E  
Certificate  
Exchange for  
Producer Agent  
Not Present to  
Sign CCC-694-2**

Use this alternative when:

- commodity certificate exchanges are requested by a producer agent designated by CCC-605
- the producer agent is not present in the LSA Office at the time of the request.

A designated producer agent must provide LSA with CCC-605, CCC-605-1, or a bale list, to be retained by LSA for each commodity certificate exchange, that must:

- \*--be signed and dated by the producer or his agent--\*
- have entered on either side the following statement:

“I acknowledge: (1) receipt of Commodity Credit Corporation (CCC) Commodity Certificate which I requested to purchase from CCC; (2) that the certificate will be exchanged with CCC in the manner specified in CCC regulations at 7 CFR Part 1400 in order that I may receive commodities from CCC which had previously been pledged as collateral for a CCC marketing assistance loan; and (3) that for purposes of valuing the commodity acquired under this transaction, such value will be the marketing loan repayment rate applicable under 7 CFR Parts 1421 (commodities other than upland cotton) and 1427 (upland cotton) for the commodity determined as of the day I made payment to CCC for the commodity certificate.”

The batch sequence number from the bale detail record shall be entered on the form by LSA.

---

**F  
Completing the  
Exchange**

\*--When either CCC-694-2 or the statement added to CCC-605 has been signed (signature of one or the other, but not both is required) and payment for the commodity certificate has been received, the exchange of the commodity--\* certificate for the loan collateral occurs immediately.

LSA shall:

- immediately release the loan quantity in the normal manner
  - record the exchange in ACRS.
-

**53 Maturity Date Notification Letter and Forfeiture Policy**

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**A****Maturity Date Notification**

At least 30 calendar days before loan maturity, LSA shall send to each producer of a 1996 through 2002 crop upland cotton or ELS cotton loan, the letter in subparagraph F.

---

**B****Producer Charges**

[7 CFR 1427.13(e)(1) and (2)] If 1996 through 2002 crop upland cotton or ELS cotton loan collateral is forfeited to CCC in satisfaction of the loan, the producer will be billed and shall pay to CCC at rates that are specified in the storage agreement between the warehouse and CCC:

- warehouse storage charges that accrued before the date all documents required from the producer for the loan were provided to LSA
  - unpaid warehouse receiving charges including any charges for new ties.
- 

**C****Payment of Reconcentration and Compression Charges**

For upland cotton or ELS cotton loan collateral that is forfeited to CCC in satisfaction of the loan, any:

- **reconcentration** charges, including any compression charges associated with the reconcentrated cotton, will:
    - be paid by CCC
    - will **not** be billed to the producer
  - **compression** charges outstanding at time of forfeiture will:
    - **not** be paid by CCC
    - **not** be billed to the producer
    - travel with the bale.
- 

**D****Processing Forfeitures**

Process loan forfeitures through ACRS according to 21-CN.

---

**E****Charges Due on Forfeited Loans**

LSA will be notified by COPS of the applicable charges to be collected from the producer according to paragraph 54.

---

Continued on the next page

**53 Maturity Date Notification Letter and Forfeiture Policy (Continued)**

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**F  
Notice of  
Maturity Letter**

Use the following letter to notify each contact producer of loan maturity.

Dear Producer:

This is to notify you that your (year) crop (upland or ELS) cotton loan, No. (loan number), will mature (maturity date).

Under the terms and conditions of the loan, the following options are available:

- repay the loan before maturity
- forfeit the loan collateral to CCC at maturity.

**Loan extensions were not authorized by the 1996 Farm Bill.**

If you choose to forfeit the loan collateral to CCC, you must pay to CCC at rates that are specified in the storage agreement between the warehouse and CCC, all:

- warehouse storage charges that accrued **before** the date all documents required from you for the loan were provided to this LSA Office
- unpaid warehouse receiving charges including any charges for new ties.

Any compression charges outstanding at the time of forfeiture will “travel with the bale”, and will not be billed to you.

Please notify LSA of your intention to either repay with cash or forfeit. If you do not take action by loan maturity, your loan collateral will be forfeited to CCC automatically.

If you designated a buyer as agent using CCC-605 and that agent, or any subsequent agent, does not redeem this loan by maturity, you are responsible for the above charges.

Sincerely,

\_\_\_\_\_  
LSA Official

## 54 Collecting Charges Due on Forfeited Loans

---

### A

#### Determining Charges Due

[7 CFR 1427.11(f)] When loans are forfeited, and after warehouse charges are paid by KCCO, KCCO will determine, for the 1996 through 2002 crop loans, the amount of:

- warehouse storage charges that accrued **before** the date all documents required from the producer for the loan were provided to LSA
  - unpaid warehouse receiving charges including any charges for new ties.
- 

### B

#### Statement of Charges Due

LSA will automatically receive notification of the Statement of Charges due for each loan forfeited through COPS.

---

### C

#### Collecting Charges Due From Producer

[7 CFR 1427.13(e)] After receiving the Statement of Charges Due CCC from COPS, LSA shall:

- determine whether the statement of charges is for the correct producer and loan
- if statement of charges is incorrect, contact KCAO, Analysis and Procedures Division, COPS at 816-926-2638 or by e-mail to request a correct statement of charges
- \*-if statement of charges is correct, send the producer a notification letter for the charges due according to subparagraph D for 1996 through 2002 crop loans
- if payment is not received within 30 calendar days of sending the notification letter, send the producer a demand letter according to subparagraph E--\*
- if collections are not received within 30 calendar days of the date of the demand letter, LSA shall notify the Administrative County Office that payment has been demanded and not received from a producer

**Note:** The Administrative County Offices shall establish a claim using the information provided by LSA according to 58-FI, using the date the claim is established as the interest start date.

- file a copy of the statement of charges in the producer's loan folder.
- 

Continued on the next page

## 54 Collecting Charges Due on Forfeited Loans (Continued)

## D

\*--Notification  
Letter for Debt  
Collection

This is an example of the initial notification letter for charges due.

Dear Producer:

It has been determined that you owe CCC \$ \_\_\_\_\_. The amount due and is a result of the forfeiture of your cotton loan number \_\_\_\_\_.

You were notified of this loan's maturity date and of the options available to you. By having decided to forfeit the loan collateral in satisfaction of the loan, you agreed to pay to CCC at rates that are specified in the storage agreement between the warehouse and CCC, all:

- warehouse storage charges that accrued **before** the date all documents required from you for the loan were provided to LSA
- unpaid warehouse receiving charges including any charges for new ties.

You may contact this office to review records related to the determination of this debt or to receive an explanation of the debt. You may obtain a copy of the records subject to a copying charge.

You have 30 calendar days from the date of this letter to seek an informal review and request reconsideration of the determination of the debt. In requesting the reconsideration, provide a written explanation of the basis of your disagreement with the determination and provide documentation to support your position.

You may pay your debt by check payable to "Commodity Credit Corporation" and mail the check to this office at the above address. Please contact this office at \_\_\_\_\_ if you have any questions. We will work with you to resolve this matter.

If this debt is not resolved, CCC reserves the right to use all additional actions available to recover the debt. The debt may be collected by internal administrative offset from any CCC or FSA payment that may be due to you. Additional actions that may be taken to recover the debt include the assessment of late payment interest, administrative costs, and penalties; administrative wage garnishment; reporting the debt to credit bureaus; referring the debt to private collection agencies and debt collection centers; collecting the debt by offset of qualified disbursements and refunds, including federal tax refunds; referring the debt for litigation (if collection administratively is unsuccessful); and reporting the debt to the Internal Revenue Service if the debt, or any portion of the debt, is discharged. Once your debt is more than 180 days delinquent, we are required to refer the debt to the Department of Treasury for collection.

Our records do not reflect that you have filed for bankruptcy protection under Title 11 of the United State Code. If you have filed for bankruptcy, please notify us so that we may update our records and proceed to resolve this debt in accordance with bankruptcy procedures.

Sincerely,

LSA Official  
\_\_\_\_\_ LSA Office

--\*

Continued on the next page

**54 Collecting Charges Due on Forfeited Loans (Continued)****\*--E****Example When Debtor Did Not File Appeal**

The following is an example of a first demand letter when the debtor did not file an appeal.

Producer Name  
Producer Address

Date

Dear *Producer Name*:

By letter dated \_\_\_\_\_, we notified you that a determination had been made that you owe \$\_\_\_\_\_, plus interest as applicable. See attached Statement of Outstanding Debt. Our previous letter offered you the opportunity to appeal this matter. We are not aware of any request for a review to appeal the debt determination and the amount of the debt. Therefore, the debt is due.

Please pay your debt now. Make your check payable to "Commodity Credit Corporation" and send it to this office at the above address. If you are unable to pay the debt in full now, you may qualify to establish a mutually acceptable repayment agreement and pay in installments. To find out if you qualify for installment payments, submit a written request to this office and include information about your income, expenses, assets, and liabilities.

Any CCC or FSA payments that may be due to you will be immediately offset to collect the debt amount.

If this debt is not paid within the next 30 calendar days, the debt will be past due and a claim will be established on a debt record. Late payment interest will accrue on the debt at the rate of \_\_\_\_\_% per annum from the date of this letter until the debt is paid in full or otherwise resolved. FSA will waive late payment interest on the debt (or any part of the debt) that is paid in the next 30 days. If this matter is not resolved within 90 calendar days from the date of this letter, an additional 3% interest will be assessed on the unpaid balance of the debt retroactively from the date of this letter.

If payment in full or arrangements to pay the debt in full are not made within 60 days from the date of this letter, the debt will be transferred to the Kansas City Finance Office (KCFO) for further handling. If the debt remains unresolved, KCFO will refer the delinquent debt to the Department of Treasury for collection and inclusion in the Treasury Offset Program (TOP). The Department of Treasury will collect the debt by offset of eligible Federal payments, including any income tax refund, to which you may be entitled.

Because this debt may be collected by offset of your Federal income tax refund, you may present, within 60 calendar days from the date of this letter, evidence that all or part of the debt is not past due or legally enforceable. To do so, submit to this office a written explanation of your position that the debt or part of the debt is not past due or legally enforceable, and include documentation to support your position.

Also, if this debt is not resolved within the next 30 calendar days, information about this debt, including your name, address, taxpayer identification number, debt amount, date of delinquency, debt status, history of the debt, and the program under which the debt arose, may be disclosed to credit reporting agencies after 60 days from the date of this letter.

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Continued on the next page



**54 Collecting Charges Due on Forfeited Loans (Continued)****\*--E****Example When  
Debtor Did Not  
File Appeal  
(Continued)**

Further actions may be taken by this Agency and the Department of Treasury to collect the delinquent debt if it is not resolved. The collection actions are authorized under Federal law and regulations, including the Debt Collection Improvement Act of 1996 (DCIA). Additional actions that may be taken to recover the debt include:

- assessment of interest, administrative costs, and penalties
- administrative garnishment of wages
- referral of the debt to private collection agencies and Treasury-designated collection centers
- referral of the debt to Agency counsel or the Department of Justice for litigation
- reporting the debt to the Internal Revenue Service if the debt, or any portion of the debt, is discharged.

We are required under Federal law to refer the debt to the Department of Treasury for collection when the debt is 180 days delinquent. However, the debt may be referred to Treasury sooner than 180 days.

Our records do not indicate that you have filed for bankruptcy protection. If you have filed for bankruptcy, please notify this office as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

Please contact this office at \_\_\_\_\_ if you have any questions. We want to work with you to resolve this debt and to discuss repayment options, if necessary. If your debt is paid or otherwise resolved quickly, it will not be referred to the Department of Treasury for collection nor will it be reported to credit reporting agencies.

Please disregard this letter if you have already paid this debt.

Sincerely,

LSA Official

Attachment

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Continued on the next page

**55 Loan Reconcentrations****A****Background**

CCC may, from time to time, decide to relocate loan collateral. KCCO shall notify LSA's of cotton intended for reconcentration and specific instructions LSA's shall follow in processing reconcentrations. LSA's shall then notify producers of their options of repaying the loan or allowing the reconcentration.

**B****How LSA's****Process****Reconcentrations**

LSA's shall process reconcentrations according to this table.

IF the producer chooses to...	THEN...
allow the reconcentration	<ul style="list-style-type: none"> <li>• follow instructions in the KCCO notification letter about the reconcentration</li> <li>• deliver a shipping and receiving list to CCB to do either of the following: <ul style="list-style-type: none"> <li>• obtain applicable warehouse receipts</li> <li>• instruct CCB to notify EWR provider to amend EWR to show original warehouse as holder</li> </ul> </li> </ul> <p>Note: EDS shall prepare and provide shipping and receiving lists for LSA's.</p> <ul style="list-style-type: none"> <li>• send released individual card warehouse receipts to original warehouse</li> <li>• after receiving replacement individual card warehouse receipts from new warehouse: <ul style="list-style-type: none"> <li>• submit receipts to CCB</li> <li>• provide EWR receipt number to CCB that shows CCC as holder</li> </ul> </li> <li>• pay any related charges to the reconcentration and obtain reimbursement from CCC according to 21-CN</li> <li>• file copies of all documents.</li> </ul>
repay the loan	follow instructions in 21-CN, Part 4.

**56-70 (Reserved)**

**Part 5 Preparing and Disbursing LDP's****71 Overview**

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**A****Purpose**

This part describes LSA's procedures for preparing and disbursing LDP's to producers.

**Note:** LDP's apply only to upland cotton.

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**72 Availability Dates and Prohibited Hours**

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**A****Availability  
Dates**

[7 CFR 1427.5(a)] Cotton LDP's are available by executing an LDP application from the date loan rates are announced through May 31 after the calendar year in which the crop is planted.

**Note:** When the final availability date falls on a nonworkday, the final date shall be extended to the next workday.

**Reminder:** Disbursement date shall not be later than 15 calendar days after the final date of availability of loans.

---

**B****Accepting LDP  
Documents**

Do not accept CCC-Cotton AA that was signed by the producer more than 15 calendar days before delivery or mailing (postmark date) to LSA.

**Note:** A patron postage meter date stamp is not a postmark.

For documents received after this time, require producers to re-execute the forms or execute new forms if it is determined that the producers have not sold or otherwise passed title to the cotton.

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Continued on the next page

**72 Availability Dates and Prohibited Hours (Continued)**

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**C****Period When  
LDP Requests  
Prohibited**

County Offices shall:

- when Thursday is a workday, **not** allow producers to request LDP's beginning at 4 p.m. e.t. that Thursday until an announcement of AWP and CCA for the succeeding weekly period has been made at 5 p.m.
  - when Thursday is a nonworkday, not allow producers to make LDP requests beginning at 7 a.m. e.t. the next workday until an announcement of AWP and CCA for the succeeding weekly period has been made
  - accept FAXed CCC Cotton AA and CCC-709 submissions, including those submitted during nonworkhours, except beginning at 4 p.m. e.t. on Thursdays, when Thursday is a workday or 7 a.m. e.t. the next workday when Thursday is a nonworkday
  - resume accepting loan repayments and LDP applications after the new AWP announcement is made using the new AWP and CCA.
-

## 73 LDP Overview

## A

## Making LDP's

LSA's shall make LDP's according to the following table.

Step	Action	
1	<p>Receive from producers:</p> <ul style="list-style-type: none"> <li>• production evidence required according to 7-CN, Part 5</li> <li>• beneficial interest information as provided in paragraph 28</li> <li>• information required for CCC-Cotton AA and CCC-Cotton AA-1 or CCC-709</li> <li>• a power of attorney, if FSA-211 has been completed.</li> </ul> <p><b>Notes:</b> CCC-709 may be used instead of CCC-Cotton AA as long as CCC-709 is filed with LSA on or before the date the applicable cotton is ginned.</p> <p>This is the Document Received/Gin Date (Field 32) for other than gin direct LDP's in ACRS.</p>	
2	Follow procedures in paragraph 28 to determine whether beneficial interest is held by the producer at time of LDP.	
	<b>IF...</b>	<b>THEN...</b>
	held	continue.
	not held	stop process and return receipts and classification data to producer.

Continued on the next page

## 73 LDP Overview (Continued)

**A**  
**Making LSA's**  
**(Continued)**

Step	Action
3	Determine eligibility according to 7-CM.
	<b>IF...</b>
	eligible
	not eligible
	<b>THEN...</b>
	continue.
	stop process and return receipts and classification data to producer.
4	Instruct producer to notify EWR provider to amend EWR to show cotton will be used to obtain LDP.
5	Calculate LDP according to paragraph 76, and complete either CCC-Cotton AA, if applicable, and CCC-Cotton AA-1 or CCC-709.
6	Recheck all LDP documents for accuracy.
7	<p>Obtain signatures on CCC-Cotton AA or CCC-709 from producer or, if applicable, producer's agent on FSA-211, and inform signee that he or she has either of the following options:</p> <ul style="list-style-type: none"> <li>• sign and submit CCC-Cotton AA or CCC-709 is applicable within 15 calendar days</li> <li>• cancel LDP. If canceled, the producer may reapply.</li> </ul> <p>If the signature is provided by FAX, obtain a copy of FSA-237 filed by the producer from a County Office.</p> <p><b>Note:</b> This is the Advance/LDP Date (Field 31) in ACRS.</p>
8	<p>Deliver documents to CCB, according to 21-CN, and receive LDP funds from CCC.</p> <p>Issue LDP to producer within 3 calendar days.</p>
9	File and deliver executed LDP documents as instructed in this handbook.

## 74 FAXed Applications

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### A

#### Policy

LSA shall, except during AWP announcement time restrictions specified in paragraph 72, accept FAXed:

- CCC-Cotton AA's
- CCC-709's.

FAXed cotton LDP applications submitted on any form other than CCC-Cotton AA or CCC-709 are not acceptable.

---

### B

#### Application Requirements

[7 CFR 1427.1(a)] All CCC-Cotton AA's and CCC-709's, as applicable, must be completed in full by the producer for the application to be accepted and approved by LSA. FAXed submissions of:

LDP applications for stored bales (CCC-Cotton AA) must be accompanied by an acceptable gin-tag list before approval/processing.

AWP lock-ins for LDP's for seed cotton in modules are based on the date a completed CCC-Cotton AA is received by LSA.

**Note:** The gin-tag list is provided later after ginning.

CCC-Cotton AA shall include the following:

- crop year
- farm number
- producer signature and date of request.

**Note:** If FAXed, the producer **must** have FSA-237 on file at a County Office or a notarized FSA-237 may be obtained.

Gin-direct applications for LDP (CCC-709) may be accepted but cannot be approved until an acceptable gin-tag list is received. CCC-709 shall include the following:

- crop year
- production units
- producer signature and date of request.

**Note:** If FAXed, the producer **must** have FSA-237 on file at a County Office.

In all cases, gin-tag lists may be provided by e-mail, diskette, or paper copy.

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**74 FAXed Applications (Continued)**

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**C****LSA Action**

LSA shall:

- approve correctly completed FAXed LDP applications as soon as possible after receipt of the application and any additional documentation required, providing all eligibility requirements have been met using AWP in effect upon receipt in the LSA Office
  - **not** approve any FAXed LDP application that is received and not completed correctly by the producer
  - for any FAXed LDP application that is not approved, notify the producer that:
    - the application is not complete, cannot be approved, and must be resubmitted
    - the producer shall receive the LDP rate in effect on the date the resubmitted, correctly completed, LDP application is received and approved.
-



## 75 FAXed Applications Not Received

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### **A Handling Unreceived FAXed Applications**

If a producer inquires about a FAXed LDP application and the application is subsequently not received, LSA shall:

- require producers to submit a copy of the FAX transmission report or some type of documentation to verify that the FAX transmission was attempted to verify that the application was FAXed
  - accept producer's completed LDP application
  - document the date that the LDP application was FAXed and the reason the FAX was not received
  - approve, with concurrence, the LDP application
  - use the LDP rate in effect on the date printed by the FAX machine on the original LDP application
  - not accept or approve producer's LDP application if the actual date of the FAX cannot be verified by the producer.
-

## 76 Before Processing LDP's

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### A

#### Overview

This paragraph establishes criteria required by LSA's before they process LDP.

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### B

#### Eligibility

Producers and cotton shall meet the same eligibility requirements that apply to a regular upland cotton CCC-Cotton A loan as specified in 7-CN, Part 5 and 1-CMA.

**Notes:** Any portion of the production on which LDP is not requested is eligible for loan.

CCC-Cotton AA cannot be approved until acceptable production evidence is presented.

---

### C

#### Required Forms and Documentation

For warehouse-stored cotton, production evidence according to 7-CN, Part 5 must be provided at the time the producer files CCC-Cotton AA or CCC-709 at LSA.

For cotton not warehouse stored, a gin tag list showing gin weights must be provided by the gin at the time the producer files CCC-Cotton AA at LSA. However, LDP will not be processed until the classing data is provided. CCC-709 may be filed at LSA anytime on or before the date of ginning.

**Exception:** See 7-CN, Part 5 for special provisions for those producers that will lose beneficial interest both after the cotton is ginned and on or before the day the cotton is removed from the gin.

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### D

#### Divided Shares

If the bales are divided among producers, give each producer on the farm an opportunity to choose whether to obtain a loan or LDP.

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## 77 Research and Promotion Fees

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### A

#### Background

For LDP's, Cotton Board regulations provide that a supplemental assessment of 0.5 of 1 percent (0.005) of the current value of upland cotton must be collected and transmitted to the Cotton Board.

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### B

#### Computation Method

LDP R&P fees are calculated by multiplying the total LDP amount times 0.5 of 1 percent (0.005), and deducting it from the total LDP amount before reductions for PCF and PE.

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## 78 LDP Application and Certification Using CCC-Cotton AA

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### A

#### Request for Payment

LDP's must be requested on CCC-Cotton AA:

- by all producers having an interest in the cotton
- before beneficial interest in the cotton is lost
- on or before the final loan availability date.

One payment may be made for more than 1 farm, or multiple payments may be made for 1 farm.

**Note:** See paragraph 80 for special provisions for producers who want LDP's based on the date ginned.

By submitting CCC-Cotton AA, producers certify that production:

- is eligible for loan
- has not been previously used for loan or LDP
- will not be used for a subsequent loan or LDP.

CCC-Cotton AA, once submitted, cannot be canceled or revised.

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Continued on the next page

**78 LDP Application and Certification Using CCC-Cotton AA (Continued)****B****Approval**

CCC-Cotton AA shall be approved by CCC on the day that CCC-Cotton A is signed and dated by all applicable producers, and the accompanying production evidence are **both** provided. If CCC-Cotton AA and the production evidence are provided on separate days, the approval date is the later date.

When CCC-Cotton AA is used to lock-in AWP for modules, the LDP application is not approved for payment until the corresponding bales are identified. Interest is not payable for the period between AWP lock-in and submission of bale information.

**C****Completing  
CCC-Cotton AA  
for Cotton That  
Has Been Ginned**

Complete CCC-Cotton AA according to the following table for LDP requests on cotton that has already been ginned.

<b>Item or Part</b>	<b>Instructions</b>
1	Enter: <ul style="list-style-type: none"> <li>• applicable crop year</li> <li>• LDP number.</li> </ul>
2	Enter applicable farm numbers.
B	Obtain: <ul style="list-style-type: none"> <li>• producer's signature</li> <li>• percent share of LDP</li> <li>• date of producer's signature.</li> </ul>
C	Enter: <ul style="list-style-type: none"> <li>• LSA representative's signature and date approved</li> <li>• AWP in effect on the date approved</li> <li>• LSA's name, address, and telephone number.</li> </ul> <p>Until a revised version of CCC-Cotton AA is available, the following statement is to be added and signed by the producer or producer's agent:</p> <p>“Notwithstanding the terms of Part A, if LDP is denied on a quantity of cotton due to payment limitation, such quantity is eligible to be used as collateral for a CCC marketing assistance loan through the final loan availability date as long as all other eligibility requirements, including beneficial interest, are met.”</p>

Continued on the next page

**78 LDP Application and Certification Using CCC-Cotton AA (Continued)****D****Completing  
CCC-Cotton AA  
and CCC-877 for  
AWP Lock-in  
and LDP  
Requested on  
Unginned Cotton**

CCC-Cotton AA is used together with CCC-877 to process LDP applications when the following 3 conditions are met:

- producers request to “lock-in” AWP
- producer’s eligible cotton has been harvested
- the cotton has not been ginned.

Such requests lock in the LDP payment rate that will be provided after the cotton is ginned and bale information is provided.

**Note:** Requests for LDP’s based on a locked-in rate, once submitted, may not be canceled or revised. However, cotton for which the lock-in is provided, but LDP is not provided because of payment limitation, is eligible to be pledged for loan. **Any initial AWP lock-in on CCC-Cotton AA does not apply to such loan.**

Complete CCC-877 as follows to identify the numbered modules, ricks, or trailers for which the lock-in is requested.

Item	Instructions
1	Enter LSA State and county codes.
2	Enter crop year.
4	Enter farm number.
11	Enter gin code.
13	Enter “rick”, “module”, or “trailer”.
21	Enter rick, module, or trailer number as applied by the gin for each unit of storage.

Continued on the next page

## 78 LDP Application and Certification Using CCC-Cotton AA (Continued)

### D Completing CCC-Cotton AA and CCC-877 for AWP Lock-in and LDP Requested on Unginned Cotton (Continued)

Complete CCC-Cotton AA according to the following table if producers request a lock-in of AWP for harvested cotton in storage before ginning.

Item or Part	Instructions
1	Enter: <ul style="list-style-type: none"> <li>• applicable crop year</li> <li>• LDP number.</li> </ul>
2	Enter applicable farm numbers.
B	Obtain: <ul style="list-style-type: none"> <li>• producer's signature</li> <li>• percent share of LDP</li> <li>• date of producer's signature.</li> </ul>
C	Enter: <ul style="list-style-type: none"> <li>• LSA representative's signature and date of lock-in request</li> <li>• AWP in effect on the date of lock-in requested</li> <li>• name, address, and telephone number of LSA.</li> </ul> <p>Until a revised version of CCC-Cotton AA is available, the following statement is to be added and signed by the producer or producer's agent:</p> <p>“Notwithstanding the terms of Part A, if LDP is denied on a quantity of cotton due to payment limitation, such quantity is eligible to be used as collateral for a CCC marketing assistance loan through the final loan availability date as long as all other eligibility requirements, including beneficial interest, are met.”</p>

**Note:** If the modules or trailers:

- are divided among producers, give each producer on the farm an opportunity to choose whether to obtain LDP
- are **not** divided, a joint LDP must be requested.

Interest is not payable for the period between the AWP lock-in and the submission of bale information.

Continued on the next page

## 78 LDP Application and Certification Using CCC-Cotton AA (Continued)

### E

#### Distributing CCC-Cotton AA

Distribute the approved CCC-Cotton AA as follows:

- file original in LDP folder with CCC-Cotton AA-1
- provide 1 copy to each signing producer.

### F

#### Completing CCC-Cotton AA

REPRODUCE LOCALLY. Include form number and date on reproductions.			Form Approved - OMB No. 0560-0129		
<b>CCC-Cotton AA</b> <small>(10-31-96)</small>	<b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation  <b>UPLAND COTTON PRODUCER'S</b> <b>LOAN DEFICIENCY PAYMENT APPLICATION AND CERTIFICATION</b>	1. CROP YEAR/LDP NO.  <div style="text-align: center;">9X / 8</div>			
		2. FARM NO.  <div style="text-align: center;">69</div>			
<b>NOTE:</b> The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the Agricultural Act of 1949, as amended, the Federal Agriculture Improvement and Reform Act of 1996, the Commodity Credit Corporation Charter Act, as amended, and regulations (7 CFR 1427). The information will be used to determine eligibility for cotton loan deficiency payment program benefits. Furnishing the requested information is voluntary. This information may also be provided to other USDA agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to orders of a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 851, 1001, 15 USC 714m, and 31 USC 3729, may be applicable to information provided.  Federal Agencies may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Department of Agriculture, Clearance Officer, OIRM (OMB No. 0560-0129), Stop 7830, Washington, D.C. 20250-7830. <b>RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</b>					
PART A - APPLICATION					
The undersigned producer(s) ("Producer"), hereby make application for a loan deficiency payment (LDP) in accordance with 7 CFR Part 1427 with respect to the upland cotton produced on the farm indicated above during the crop year indicated above. As a condition to receiving such loan deficiency payment, the Producer hereby represents and agrees as follows:					
<ol style="list-style-type: none"> <li>1. The Producer agrees (1) that the evidence of production provided for this application is eligible to be pledged as collateral for a CCC loan and does not reflect production previously used for an LDP and has not been or will not be pledged in the future as collateral for a CCC loan or provide for an application for LDP.</li> <li>2. The Producer is eligible to obtain a CCC loan with respect to their share of the upland cotton indicated on the attached production evidence provided by the Producer in the capacity of landlord, landowner, tenant, or sharecropper.</li> <li>3. With respect to the cotton indicated on the production evidence provided by the Producer.               <ol style="list-style-type: none"> <li>a. The Producer has and always had beneficial interest in such cotton in accordance with the regulation governing the cotton loan program for the above indicated crop year.</li> <li>b. Such cotton has not been acquired directly or indirectly from a share tenant or sharecropper.</li> <li>c. If the Producer is a share tenant or sharecropper, each landlord who has an interest in such cotton has jointly signed this application.</li> <li>d. Such cotton is in existence and is not false-packed, water-packed, mixed-packed, reginned, or repacked; and</li> <li>e. Such cotton has not been the subject to another application for LDP and has not been pledged and will not be pledged in the future as collateral for a CCC loan.</li> </ol> </li> <li>4. The Producer understands that (1) this application is subject to a determination by CCC of the Producer's eligibility to receive an LDP, and that this application and CCC's determination are subject to 7 CFR Part 1427; (2) CCC may require copies of all sales contracts applicable to the production represented by this application; (3) if CCC determines that the producer has misrepresented the eligibility of the production covered by this agreement, CCC shall require repayment of the entire LDP and assess liquidated damages in accordance with 7 CFR Part 1427.</li> <li>5. The Producer agrees that the LDP rate will be the rate in effect on the date this form is approved.</li> </ol>					
PART B - PRODUCER CERTIFICATION					
I certify that all information entered on this document and any supporting documentation is true and correct.					
SIGNATURE OF PRODUCER(S)	% SHARE	DATE			
/s/ Bill Smith	100%	10-8-9X			
PART C - VERIFICATION OF ELIGIBLE QUANTITY AND APPROVAL					
The quantity of the upland cotton on which this LDP is requested is reasonable.					
APPROVED FOR CCC BY	DATE APPROVED	ADJUSTED WORLD PRICE ON THE DATE APPROVED			
/s/ James Wright	10/15/9X	0.4567			
NAME AND ADDRESS OF COUNTY FSA OFFICE					
Cotton County ISA Box 38 Anytown, TX 12345					
TELEPHONE NO. (Area code)					
(222) 625-1234					
This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex marital status, or disability.					

Continued on the next page

**78 LDP Application and Certification Using CCC-Cotton AA (Continued)****G  
Conducting  
Module Spot  
Checks Using  
CCC Cotton  
AA-2**

LSA shall:

- conduct spot checks:
  - on no less than 2.5 percent of the requests for a lock-in of the AWP and LDP rates on upland seed cotton
- **Note:** The 2.5 percent is based on the number of requests and not the number of modules or storage units.
- each month based on the lock-in requests received that month
- record the spot-check results using CCC Cotton AA-2 according to the following table
- \*--submit, by overnight delivery, spot check results and the corresponding CCC-Cotton AA and CCC-877 to the following address by the last workday of each month until further notice:
 

Director, Price Support Division  
 . Attention: Bruce Lake, Room 4095-S  
 Farm Service Agency, USDA  
 1400 Independence Avenue, SW  
 Washington, DC 20250
- for excess benefits, follow 1-CMA, paragraph 72.--\*

Item	Instructions
1	Enter LSA name.
2	Enter LSA State and county codes.
3	Enter crop year.
4	Enter farm number from CCC-Cotton AA.
5	Enter gin-assigned number of the storage module or trailer selected for spot check.
6	Enter date of AWP lock-in from the corresponding CCC-Cotton AA.
7	Enter the condition of the observed storage unit by entering either of the following: <ul style="list-style-type: none"> <li>• a checkmark confirming the unginned cotton location at either farm or gin</li> <li>• the date of ginning of the module or trailer of cotton.</li> </ul>
8 A-C	Signature and title of person performing the spot check, and date.

Continued on the next page



Complete CCC Cotton AA-2 according to this table.

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**79 Using CCC-Cotton AA-1, Schedule of LDP for Upland Cotton**

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**A****Purpose**

CCC-Cotton AA-1 lists the bales covered by CCC-Cotton AA.

---

**B****Completing  
CCC-Cotton  
AA-1**

Follow these instructions to complete CCC-Cotton AA-1 for LDP's.

Item	Instructions
1	Enter State and county codes and farm numbers where produced.
2	Enter name and address of contact producer from LSA records.
3	Enter warehouse code, if applicable.  <b>Note:</b> Cotton warehoused at different warehouses must be processed as separate LDP's.
4	Enter gin code.  <b>Note:</b> Cotton ginned at different gins must be processed as separate LDP's.
5	Enter the following: <ul style="list-style-type: none"> <li>• LDP number assigned</li> <li>• applicable crop year</li> <li>• preparation code "2C"</li> <li>• number of bales</li> <li>• total LDP quantity; that is, the total net pounds shown on the warehouse receipt or gin tags.</li> </ul>

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Continued on the next page

**79 Using CCC-Cotton AA-1, Schedule of LDP for Upland Cotton (Continued)****B  
Completing  
CCC-Cotton  
AA-1  
(Continued)**

<b>Item</b>	<b>Instructions</b>
6	Enter the: <ul style="list-style-type: none"> <li>gross LDP amount that was calculated according to subparagraph D</li> <li>date LSA check was prepared according to subparagraph D.</li> </ul>
7	Enter the: <ul style="list-style-type: none"> <li>research and promotion fee that was calculated according to subparagraph D</li> <li>total payment amount that was calculated according to subparagraph D.</li> </ul>
8	Enter warehouse receipt and gin tag numbers in numerical order.
9	Enter grade, staple, and mike from applicable classing data.
10	Enter strength and uniformity from applicable classing data.
11	Enter leaf and extraneous matter from applicable classing data.
14	Enter the coarse count applicable the day CCC-Cotton AA was approved, if applicable.
15	Enter the upland cotton NALR.
16	Enter AWP applicable the day CCC-Cotton AA was approved. If coarse count is applicable, subtract the coarse count in item 14 from AWP.
17	Enter the applicable LDP rate according to 21-CN, Part 4.
18	Enter the net weight from the applicable warehouse receipt or gin tag list.
19	Enter the gross LDP amount for bales: <ul style="list-style-type: none"> <li>without coarse count</li> <li>with coarse count.</li> </ul>

Continued on the next page

## 79 Using CCC-Cotton AA-1, Schedule of LDP for Upland Cotton (Continued)

**B**  
**Completing**  
**CCC-Cotton**  
**AA-1**  
**(Continued)**

The following is an example of CCC-Cotton AA-1.

Page of (See CCC-Cotton AA for the Privacy Act Statement)		Form Approved - OMB No. 0560-0129										
CCC-Cotton AA-1		U.S. DEPARTMENT OF AGRICULTURE										
(07-25-95)		Commodity Credit Corporation										
SCHEDULE OF LDP FOR UPLAND COTTON		40-300-2334										
2. NAME & MAILING ADDRESS OF CONTACT PRODUCER		3. WAREHOUSE CODE										
Jim Howard Route 1, Box 130 Sometown, SS 12345		810534										
4. LDP NO.: 90106		5. GIN CODE 12346										
CROP YEAR: 9X		6. GROSS LDP AMOUNT FOR R&P: \$ 155.00										
PREP CODE: 2C		7. NET LDP AMOUNT \$ 155.00										
NO. BALES: 3		RESEARCH AND PROMOTION: .78										
LDP QUANTITY: 1500		CLERK FEES										
DATE OF DISBURSEMENT: 11-9-9X		DENIED MARKET GAIN:										
		TOTAL DISBURSEMENT: \$154.22										
8.	9.	10.	11.	APPLICABLE ADJUSTMENTS				(CENTS)			18.	19.
WAREHOUSE RECEIPT AND GIN TAG NUMBER	GRADE STAPLE AND MIKE	STRENGTH AND UNIFORMITY	LEAF AND OTHER	12. PREMIUMS	13. DISCOUNTS	14. COURSE COUNT AWP ONLY	15. ADJ. LOAN RATE	16. ADJ. AWP	17. LDP PAYMENT RATE	NET WT.	LDP AMOUNT (DOLLARS)	
1 / 2						0	.5000	.4000	.1000	1000	100.00	
2 / 1						.0100	.5000	.3900	.1100	500	55.00	
3 /												
4 /												
5 /												
6 /												
7 /												
8 /												
9 /												
10 /												
11 /												
12 /												
13 /												
14 /												
15 /												
16 /												
17 /												
18 /												
19 /												
20 /												
21 /												
22 /												
23 /												
24 /												
25 /												
TOTAL NET WT. 1500				TOTAL LDP AMOUNT				\$ 154.22				

Continued on the next page

**79 Using CCC-Cotton AA-1, Schedule of LDP for Upland Cotton (Continued)****C****Distributing  
CCC-Cotton  
AA-1**

Distribute CCC-Cotton AA-1 as follows:

- file original with copies of the individual card warehouse receipts or gin tag list and original CCC-Cotton AA
- give contact producer a copy.

**D****LDP Producer  
Distribution  
Calculations**

LSA's shall follow procedures in the following table to calculate LDP producer distribution amounts.

Factor	Calculation Instruction	Example
Gross LDP	Follow instructions in 21-CN, Part 4.	
R&P Fees	Multiply: <ul style="list-style-type: none"> <li>• gross LDP</li> <li>• times 0.005.</li> </ul> Round to 2 decimal places.	$  \begin{array}{r}  \$1,250.00 \\  \times .005 \\  \hline  6.2500 \\  \$6.25  \end{array}  $
Denied Gains	Follow instructions in 21-CN, Part 4. Total for all bales covered by LDP.	52.50
LSA Fee	Add: <ul style="list-style-type: none"> <li>• \$1 for the first 6 bales</li> <li>• plus 10 cents for each bale over 6 (44 at \$0.10).</li> </ul>	$  \begin{array}{r}  \$1.00 \\  \times 4.40 \\  \hline  \$5.40  \end{array}  $
Amount to Producer	Subtract: <ul style="list-style-type: none"> <li>• LDP amount</li> <li>• minus:               <ul style="list-style-type: none"> <li>• total of R&amp;P fees</li> <li>• total of denied benefits</li> <li>• LSA service fees.</li> </ul> </li> </ul>	$  \begin{array}{r}  \$1,250.00 \\  \\  - 6.25 \\  - 52.50 \\  - 5.40 \\  \hline  \$1,185.85  \end{array}  $

## 80 Gin Direct LDP's Using CCC-709

---

### A

#### Applicability

[7 CFR 1427.23] Producers who want to receive LDP's based on the date ginned may file CCC-709:

- on or before the date of ginning
- for 1 or more farm's expected production
- for all or a portion of the expected production.

**Notes:** The agreement is not limited only to those producers who lose beneficial interest immediately upon ginning.

Do not use CCC-Cotton AA for any quantity of cotton included on CCC-709.

Any quantity of cotton for which a producer will retain beneficial interest after the date ginned, and for which the producer wants to retain price support eligibility through this later date, should be included on CCC-Cotton AA, not on CCC-709.

---

### B

#### Time of Executing CCC-709

CCC-709 must be entered into on or before the date of ginning.

**Notes:** CCC-709 may be entered into after ginning begins; however, any cotton ginned before the date of CCC-709 is not covered by CCC-709.

See subparagraph F for revising CCC-709.

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Continued on the next page

## 80 Gin Direct LDP's Using CCC-709 (Continued)

**C****Quantity  
Included on  
CCC-709**

The entire quantity included on CCC-709 is eligible for the LDP rate, including a zero rate, that is in effect **on** the date of ginning.

**Note:** If the LDP rate on the date of ginning is zero, the producer will not receive LDP and will not be eligible for a loan on that quantity shown on CCC-709.

**Example:** Producer files CCC-709 for all the production of cotton from all farms. The producer produced 500 bales of cotton on all farms. Of the 500 bales, 50 bales were ginned on a date when LDP was equal to zero. These 50 bales are not eligible for LDP or loan.

**D****Specifying  
Delivery  
Locations**

Producers who want CCC-709 provisions to be applicable for production delivered to a specific location or buyer may designate that quantity on CCC-709.

**Note:** Because the cotton LDP rate is based on the date of ginning, cotton producers may designate only the cotton delivered directly from the gin to a specific location or buyer. The date of ginning will continue to be used to determine the LDP rate for the designated quantity.

**Example:** If the producer wants all production from Farm 57 that will be delivered to Bob River Mills, Inc. to be the only production from Farm 57 covered by CCC-709, the producer should enter the following in CCC-709, Part B.

Farm Number	Production Units
57	All to Bob River Mills, Inc.
40	All
37	300 Bales

Continued on the next page

**80 Gin Direct LDP's Using CCC-709 (Continued)**

---

**D****Specifying  
Delivery  
Locations  
(Continued)**

**Notes:** All production from Farm 57 not delivered to Bob River Mills, Inc. is eligible for a loan or LDP if all eligibility requirements are met.

All the production from Farm 40 would be covered by CCC-709 provisions.

300 bales from Farm 37 would be covered by CCC-709 provisions.

---

**E****Approving  
CCC-709**

If more than 1 producer shares in a bale of cotton, each producer who has a share in the bale must sign CCC-709 before it can be approved.

LSA representative may approve CCC-709 for CCC.

**Note:** Only the share of the production applicable to the producers who sign CCC-709 will be considered covered by CCC-709.

---

**F****Revising  
CCC-709**

CCC-709 may only be revised before ginning.

If a producer wants to revise CCC-709, require the producer to:

- line through the applicable quantity on CCC-709 to be revised
- enter the revised quantity and initial and date the entry.

**Note:** All producers who signed CCC-709 must initial and date all revisions for the farms of which they share in the production.

**Example:** If a producer signed CCC-709 for all the cotton on Farm 40, the producer could gin 300 bales and before ginning any more, revise CCC-709 to cover only the 300 bales, leaving the bales remaining to be ginned eligible for a loan or LDP in the normal manner.

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Continued on the next page



**80 Gin Direct LDP's Using CCC-709 (Continued)**

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**G****Terminating  
CCC-709**

CCC-709 may only be terminated if the producer has not ginned any of the cotton covered by CCC-709.

**Example:** If a producer signed CCC-709 for all the cotton on Farm 40 and 300 bales had been ginned as of the current date, the producer would not be allowed to terminate the agreement for the 300 bales ginned, but COC may permit the producer to revise CCC-709 so cotton not yet ginned would not be covered by CCC-709.

---

**H****Production  
Evidence**

To receive LDP on production covered by CCC-709, the producer must provide acceptable production evidence according to paragraph 266 on or before May 31 after the calendar year in which the crop is planted. Production evidence must show the date each bale is ginned.

**Note:** Producers are not required to provide the total production evidence for the total production covered by CCC-709 before LDP may be made. Multiple LDP's may be made under the terms of CCC-709.

---

**I****Processing LDP**

Once production evidence is provided, process LDP according to 21-CN.

**Notes:** Use AWP and CCA in effect on the date cotton was ginned.

Use the date CCC-709 was approved as the LDP Approval Date.

More than one LDP may be required when a different AWP and CCA are applicable for the production listed on CCC-709.

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Continued on the next page

## 80 Gin Direct LDP's Using CCC-709 (Continued)

**J****Completing  
CCC-709**

Complete CCC-709 according to this table.

Item or Part	Instructions														
1	Enter the applicable crop year. <b>Example:</b> "199X"														
2	Enter "UPCN".														
B	<p>Enter the applicable farm number and quantity for which LDP is requested.</p> <p><b>Examples:</b></p> <table border="1"> <thead> <tr> <th>Farm Number</th><th>Production Units</th></tr> </thead> <tbody> <tr> <td>57</td><td>All to Bob River Mills, Inc.</td></tr> <tr> <td>40</td><td>All</td></tr> <tr> <td>37</td><td>300 Bales</td></tr> </tbody> </table> <p><b>Note:</b> Unless otherwise designated, the number of bales will always be the first bale ginned.</p> <p>The following example shows how to make a revision.</p> <table border="1"> <thead> <tr> <th>Farm Number</th><th>Production Units</th></tr> </thead> <tbody> <tr> <td><del>40</del></td><td><del>All</del> JBS 9-10-93</td></tr> <tr> <td>40</td><td>300 Bales JBS 9-11-93</td></tr> </tbody> </table>	Farm Number	Production Units	57	All to Bob River Mills, Inc.	40	All	37	300 Bales	Farm Number	Production Units	<del>40</del>	<del>All</del> JBS 9-10-93	40	300 Bales JBS 9-11-93
Farm Number	Production Units														
57	All to Bob River Mills, Inc.														
40	All														
37	300 Bales														
Farm Number	Production Units														
<del>40</del>	<del>All</del> JBS 9-10-93														
40	300 Bales JBS 9-11-93														
C	<p>Obtain the following for each producer requesting LDP:</p> <ul style="list-style-type: none"> <li>signature</li> <li>share</li> <li>date.</li> </ul>														
D	<p>Obtain signature of LSA representative to sign and date for CCC.</p> <p>Enter LSA's name, address, and telephone number.</p>														

Continued on the next page

## 80 Gin Direct LDP's Using CCC-709 (Continued)

**J**  
**Completing**  
**CCC-709**  
**(Continued)**

The following is an example of CCC-709.

REPRODUCE LOCALLY. Include form number and date on all reproductions.		Form Approved - OMB No. 0560-0129	
<b>CCC-709</b> <small>(06-08-01)</small>  <b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation  <div style="text-align: center;"><b>DIRECT LOAN DEFICIENCY PAYMENT AGREEMENT</b></div>		1. Name, Address & ID No. of Contact Producer  Telephone Number: (     ) 2. Crop Year     3. Commodity/Class/Variety/Type	
See reverse for Privacy Act and Public Burden Statements.			
Use this form <b>BEFORE</b> harvest or ginning if you choose to receive LDP payments based on date of delivery for grain or date of ginning for cotton when you will lose title, control, and risk of loss (beneficial interest) at the time of harvest.			
<b>PART A - TERMS AND CONDITIONS (Check the applicable box in Items 4 through 8)</b>			
		YES	NO
4. Will any of this commodity be stored on the farm that is not temporary storage or for drying purposes? If "YES", this agreement becomes null and void for that quantity only and you must request LDP on CCC-633 LDP before you lose beneficial interest in that quantity.			
5. Does more than one producer have an interest in the quantity for this request? If "YES", all producers must sign this request.			
6. Will all producers requesting this LDP have title control, and risk of the loss (beneficial interest) in accordance with 7 CFR Parts 1421 and 1427, as applicable (1) at time of ginning for cotton gin direct LDP; or (2) at time of harvest for all other LDP requests?			
7. Will this commodity be produced by all producers requesting this LDP?			
8. Will the production covered by this request be produced on a farm or farms enrolled in AMTA for contract commodities?			
<b>PART B - APPLICABLE PRODUCTION</b>			
9. CHECK (✓)	10. PRODUCTION UNIT	11. FARM NUMBER(S)	12. INITIALS
	A. Specific Quantity: (Please indicate specific quantity)		
	B. All		
	C. All quantity delivered to a specific location: (Please indicate delivery location)		
	D. Only quantities delivered for immediate sales. Any quantity delivered for storage must be covered by CCC-633 LDP before loss of beneficial interest.		
	E. Other: (Please provide description)		
<b>PART C - PRODUCER SIGNATURES AND CERTIFICATION</b>			
I certify that all information entered on this form is true and correct. By completing and reviewing Part A and by signing this form the producer(s) ("Producer") hereby enters into this agreement with the Commodity Credit Corporation (CCC) with respect to the commodity described in Part B and agrees that the loan deficiency payment (LDP) rate in effect for the applicable commodity: (1) for upland cotton on the date of ginning; or (2) for all other commodities on the date of delivery to the processor, buyer, warehouse, or cooperative if the commodity is delivered directly from the field to the processor, buyer, warehouse, or cooperative. The producer further understands that with respect to the commodity described in Part B: (1) to receive payment for the commodity, a request for payment must be made at the County FSA Office where the farm records are kept; (2) that if the commodity is delivered to a farm storage, except for temporary storage or immediate drying, this agreement becomes null and void and a CCC-633 LDP for grain or CCC-Cotton AA for cotton must be requested before the producer loses beneficial interest in the commodity; (3) any false claim or statement made may lead to civil liability or criminal prosecution; (4) this LDP may be selected for spot check and the producer will be required to provide supplemental documents to determine program eligibility; (5) this agreement remains in force until such time it is revised or terminated on or before the date of ginning for cotton or date of harvest for all other requests; (6) that the producer agrees to forego a commodity loan on the quantity requested for LDP unless a quantity is denied LDP due to payment limitation and that the producer may not repay or refund any LDP amount in order to obtain a commodity loan; (7) CCC may require copies of sales contract for the production represented by this application; (8) this application is subject to determination by CCC of the Producer's eligibility to receive LDP, and that this application and CCC's determination are subject to 7 CFR Part 1427 or 1421, as applicable; (9) CCC shall require the refund of the LDP amount, plus interest from the date of payment if the producer is later determined by CCC to be ineligible for the LDP; and (10) CCC shall assess liquidated damages in accordance with 7 CFR Part 1427 or 1421, as applicable, if the producer misrepresented the eligible commodity indicated above.			
13. Signature of Producer(s)	14. Share (%)	15. Date	16. Signature of Producer(s)
<b>PART D - APPROVAL</b>			
19. Approved for CCC By:		21. Date	22. Name and Address of County FSA Office
20. Disapproved for CCC By:			
The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5994 (voice or TDD). USDA is an equal opportunity provider and employer.			

Continued on the next page

**J  
Completing  
CCC-709  
(Continued)**

CCC-709 (06-08-01) Reverse

PART E - PAYMENT REQUEST

23. If the producer provides production evidence when payment is requested, check this box and attach the production evidence to this form.

> [ ]

Complete Items 24 through 26 if a certified LDP request for payment and production evidence is not attached, as applicable:

24. Date Delivered, Harvested, or Ginned	25. CCC-Determined Value - LDP Rate <i>(County FSA Office Use)</i>	26. Quantity Requested	24. Date Delivered, Harvested, or Ginned	25. CCC-Determined Value - LDP Rate <i>(County FSA Office Use)</i>	26. Quantity Requested

27. REMARKS AND REASONS FOR DISAPPROVAL, AS APPLICABLE:

**NOTE:** The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is 7 CFR Parts 1421 and 1427. The information will be used to determine eligibility and the amounts of program benefits. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in determination of ineligibility for program benefits. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714M; and 31 USC 3729, may be applicable to the information provided.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0129. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.

## Reports, Forms, Abbreviations, and Delegations of Authority

### Reports

None

### Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
CCC-6	CCC Commodity Certificate		52
CCC-601	Commodity Credit Corporation Note and Security Agreement Terms and Conditions		15, 18, 38, 39
CCC-605	Designation of Agent - Cotton	27	Text
CCC-605-1	Designation of Agent - Cotton (Continuation Sheet to Form CCC-605)	27	18, 24, 26, 52
CCC-605-2	Designation of Subsequent Agent - Cotton	27	18, 24-26
CCC-679	Lien Waiver	23	18, 36
CCC-686	Application for Loan or Loan Deficiency Payment by Heirs (On a Commodity Produced by a Person Who Has Died)	22	
CCC-694-2	Acknowledgment of Commodity Certificate Purchase	52	
CCC-709	Direct Loan Deficiency Payment Agreement	80	18, 21, Part 5
CCC-719	ACRS Transaction Report		3, 12, 15, 18, 52
CCC-719P	ACRS Transaction Report for Warehouse Receipts		18
CCC-721	Cotton Servicing Agent Bank Agreement for Banks Servicing Cotton Loan Servicing Agents		12
CCC-877	Seed Cotton Loan Worksheet		78
CCC-912	Agreement of Authorized Loan Servicing Agent		10, 11, 12
CCC-1099-G	Report of Payments to Producers		52

Continued on the next page

**Reports, Forms, Abbreviations, and Delegations of Authority (Continued)**


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**Forms  
(Continued)**

<b>Number</b>	<b>Title</b>	<b>Display Reference</b>	<b>Reference</b>
CCC-Cotton A	Cotton Producer's Note and Security Agreement	38	Text
CCC-Cotton A Continuation	CCC-Cotton A Continuation Sheet	39	17, 18, 38
CCC-Cotton A-1	Schedule of Pledged Cotton	40	15, 17, 18, 36
CCC Cotton A-5	Statement of Eligibility and Information Worksheet	37	18
CCC-Cotton AA	Upland Cotton Producer's Loan Deficiency Payment Application and Certification	78	17, 18, Part 5
CCC-Cotton AA-1	Schedule of LDP for Upland Cotton	79	17, 18, 73, 78
CCC Cotton AA-2	Spotcheck of Upland Cotton Subject to AWP Lock-in	78	
FSA-211	Power of Attorney	20	Part 2, 36, 52, 73
FSA-211-1	Power of Attorney for Husband and Wife		20
FSA-237	Facsimile Signature Authorization and Verification	21	18, 25, 36, 74

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 Continued on the next page

## Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

**Abbreviations** This table lists all abbreviations used in this handbook.

Approved Abbreviation	Term	Reference
ACRS	automated cotton reporting system	1, 36, 52, 53,73
AWP	adjusted world price	52, Part 5
CCA	coarse count adjustment	52, 72, 80
CCB	Cotton Commercial Bank	Text
CCC	Commodity Credit Corporation	Text
COC	County Committee	21, 22, 80
CFR	Code of Federal Regulations	Text
COPS	Cotton On-line Processing System	53, 54
DAFP	Deputy Administrator for Farm Programs	2
EDS	Electronic Data Systems Corporation	55
ELS	extra-long staple	Text
e.t.	eastern time	72
EWR	electronic warehouse receipt	Text
FAX	facsimile transmission	Text
FLP	Farm Loan Program	2, 11
FMD	Financial Management Division	2, 11
FmHA	Farmers Home Administration	23
FSA	Farm Service Agency	Text

Continued on the next page

# Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

## Abbreviations (Continued)

Approved Abbreviation	Term	Reference
ID	identification number	38, 39, 52
IRS	Internal Revenue Service	52
KCAO	Kansas City Administrative Office	54
KCCO	Kansas City Commodity Office	3, 40, 54
KC-ITSTO	Kansas City ITS Technical Office	2
LDP	loan deficiency payment	Text
LSA	Authorized Loan Servicing Agent	Text
NALR	national average loan rate	52, 79
NRCS	Natural Resources Conservation Service	21
PCF	percent of cropland factor	77
PE	permitted entity	77
PLM	payment limitation	1
PSD	Price Support Division	Text
R&P	research and promotion	19, 36, 38, 40, 77, 79
USDA	United States Department of Agriculture	11, 12, 21, 23

## Delegations of Authority

None



## Definitions of Terms Used in This Handbook

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<b>Authorized Loan Servicing Agent (LSA)</b>	<u>Authorized LSA</u> is an entity approved by CCC to act as its agent in providing service to producers for CCC-Cotton A loans under the CCC Cotton Loan Program according to CCC-912.
<b>Cotton Board</b>	<u>Cotton Board</u> is the board authorized under the Cotton Research and Promotion Act (80 Stat. 297) to collect the research and promotion fee assessed on upland cotton.
<b>Cotton Commercial Bank (CCB)</b>	<u>CCB</u> is a bank under contract to CCC that serves as CCC's agent for handling and servicing CCC cotton loans, redemptions, and other transactions.
<b>Electronic Warehouse Receipt (EWR) Provider</b>	<u>EWR provider</u> is an entity that has entered into an "Farm Service Agency Provider Agreement to Electronically File and Maintain Cotton Warehouse Receipts".
<b>Gin Direct</b>	<u>Gin direct</u> is cotton under a contract that specifies that the control of the cotton is transferred immediately to the buyer or mill after the cotton is removed from the gin box. Producers who have these contracts and do not receive an advance payment are eligible for LDP's according to 7-CN, Part 5.
<b>Individual Card Warehouse Receipt</b>	<u>Individual card warehouse receipt</u> is a negotiable machine card-type cotton warehouse receipt according to 7-CN, Part 5, Section 2.
<b>Primary Owners</b>	<u>Primary owners</u> are those entities owning more than 10 percent of LSA.
<b>Program Services</b>	<u>Program services</u> are those services LSA's are authorized to provide for CCC to producers under CCC-912 with CCC.



## CCC-912, Agreement of Authorized Loan Servicing Agent

The following is an example of CCC-912.

<b>REPRODUCE LOCALLY.</b> Include form number and date on all reproductions.	
<b>CCC-912</b> (10-01-96)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation
Form Approved - OMB No. 0560-0074	
<b>AGREEMENT OF AUTHORIZED LOAN SERVICING AGENT</b>	
1. Date of Agreement (Day, Month, Year)	2. Name of Authorized Loan Servicing Agent

**NOTE:** The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the Cotton Loan Program Regulations at 7 CFR 1427. These regulations provide that a person or firm which desires to act as Agent of the Commodity Credit Corporation (CCC) for the purpose of rendering service to producers shall execute and file a written agreement with CCC. This agreement, Form CCC-912, is the required agreement and without it authority to act as an agent for CCC will not be granted. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 651, 1001, 15 USC 714m; and 31 USC 3729, may be applicable to the information provided by the agent in this agreement. This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0074. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. **RETURN COMPLETED FORMS TO THE DIRECTOR, PRICE SUPPORT DIVISION, USDA, FSA, STOP 0512 WASHINGTON, D.C. 20013.**

This Agreement is entered into on the date indicated above by and between the Commodity Credit Corporation (hereafter referred to as "CCC") and the authorized loan servicing agent indicated above (hereafter referred to as "LSA").

It is the desire of CCC to permit, a person or firm to act as agent for CCC in performing certain administrative functions involved in making loans and loan deficiency payments (LDP's) available to cotton producers through Form A cotton loans in accordance with CCC's cotton loan and LDP program.

It is the desire of the person or firm named above to be approved by CCC to render service to producers under the CCC cotton loan and LDP program.

The CCC Cotton Loan Program Regulations provide that a person or firm which desires to act as Agent of CCC for these purposes shall execute and file a written agreement with CCC.

NOW, THEREFORE, in consideration of the premises and other considerations contained herein, the parties hereto agree as follows:

1. Subject to the other provisions of this Agreement, CCC hereby appoints the person or firm named above (hereinafter referred to as the "LSA") as a loan servicing agent for CCC for the purpose of performing certain services requisite to the making and servicing of CCC cotton loans and LDP's to eligible producers of eligible cotton in accordance with the cotton loan and LDP programs carried out by CCC. The LSA may act as CCC's agent for the following purposes:
  - (a) preparing and executing CCC cotton loan and LDP documents;

Continued on the next page

CCC-912, Agreement of Authorized Loan Servicing Agent (Continued)

CCC-912 (10-01-96) Page 2

- (b) disbursing CCC cotton loan and LDP proceeds to individual producers;
  - (c) receiving funds from the servicing agent bank (SAB) for the loan or LDP amount shown on the loan documents presented to the SAB;
  - (d) preparing and executing documents for loan repayments;
  - (e) collecting repayment funds from producers and transmitting such funds to CCC through the SAB;
  - (f) handling documents involved in a claim for loss or damage of loan cotton by CCC or the producer;
  - (g) transmitting documents and advising the SAB to render forfeited collateral to CCC; and
  - (h) collecting data for reporting to CCC as may be prescribed by CCC.
2. In performing the services enumerated in section 1, the LSA shall:
- (a) perform such services in accordance with the procedures outlined in the applicable cotton program regulations and notices published in the Federal Register, applicable cotton handbooks and any amendments thereto, and notices or instructions issued by the Deputy Administrator, Farm Programs.
  - (b) make and service CCC cotton loans and LDP's, as provided in section 1, only upon the presentation of warehouse receipts, unless otherwise provided by CCC, and class information by an eligible producer to the LSA;
  - (c) become familiar with the cotton program for each crop of cotton as set forth in the applicable regulations, notices published in the Federal Register, Farm Service Agency (FSA) Cotton Loans Handbook, forms, and other instructions issued relating to the cotton loan and LDP program;
  - (d) before executing documents for the purpose of making a CCC cotton loan or LDP to any producer, determine to the best of the LSA's knowledge and belief that the producer requesting a CCC cotton loan or LDP through the service provided by the LSA is an eligible cotton producer (as defined in the applicable commodity program regulations) and that the cotton is eligible cotton (as defined in the applicable commodity program regulations);
  - (e) make a lien search prior to the disbursement of a CCC cotton loan and determine that the cotton to be pledged to CCC as security for a CCC cotton loan is free and clear of all liens except for those liens authorized by CCC in the warehouseman's storage agreement with CCC. If liens are discovered, other than the liens authorized in the warehouseman's storage agreement with CCC, a lien waiver is required from lienholders before the loan proceeds are disbursed;
  - (f) advise each producer for whom the LSA executes loan or LDP documents that the producer should retain the producer's copy of the loan or LDP documents for the producer's records; and
  - (g) before executing and presenting loan or LDP documents to the SAB, provide to the SAB the signatures of those persons who were approved by CCC to sign as the LSA.

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CCC-912, Agreement of Authorized Loan Servicing Agent (Continued)

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3. Upon notification by the LSA that a producer may request loans and LDP's through the service provided by the LSA, CCC shall:
  - (a) determine whether the producer is an eligible producer;
  - (b) determine whether the producer has complied with the applicable loans and LDP eligibility requirements; and;
  - (c) make debt information from the FSA debt register available to the LSA.
4. If the LSA is notified at any time that a producer requesting loans or LDP's through the service provided by the LSA is indebted to CCC or is otherwise subject to setoff by CCC in accordance with the setoff regulations of CCC, the LSA shall:
  - (a) contact CCC for the amount that is owed to CCC and is to be setoff from the loan or LDP proceeds prior to the disbursement of such proceeds; and
  - (b) prepare a check payable to CCC for the amount collected by setoff and forward the check to CCC as directed by CCC.
5.
  - (a) The LSA may charge the producer requesting a CCC cotton loan or LDP through the service provided by the LSA a fee for preparation of loan or LDP documents and for servicing the loan, at a rate determined by CCC. Fees shall be deducted from the loan or LDP amount received by the LSA from CCC before distribution to the producer.
  - (b) Any fees charged by the LSA for making and servicing loans or LDP's shall be assessed at the same rate for each producer requesting a CCC cotton loan or LDP through the service provided by the LSA.
6. If the LSA is designated by a producer to be the producer's agent for the purpose of executing loan or LDP documents in order to obtain LDP's or Form A cotton loans or repaying such loans on behalf of the producer, the LSA will not sign as a witness on a cotton Form A or applicable Cotton AA which the LSA has signed as either the agent for the producer or as agent for the producer's spouse.
7. If the LSA is designated by a producer to be the producer's agent for the purpose of executing documents to obtain a Form A cotton loan, repaying such loans on behalf of the producer, marketing the producer's cotton, or obtaining LDP, the LSA shall:
  - (a) disclose to CCC all facts which the LSA knows or should know would reasonably affect the judgment of CCC in permitting the LSA to act as agent for both CCC and the producer;

Continued on the next page

CCC-912, Agreement of Authorized Loan Servicing Agent (Continued)

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- (b) include the following language (or equivalent language approved by CCC) in any agency agreement entered into between the LSA and a producer:

"[The producer] hereby acknowledges that [the LSA] is an agent of the Commodity Credit Corporation for the purpose of performing certain services requisite to the making and servicing of Commodity Credit Corporation cotton loans and LDP's to eligible producers of eligible cotton and agrees to permit [the LSA] to act as agent for both [the producer] and the Commodity Credit Corporation. [The LSA] shall disclose to [the producer] all facts which [the LSA] knows or should know would reasonably affect the judgement of [the producer] in permitting [the LSA] to act as agent for both [the producer] and the Commodity Credit Corporation"; and

- (c) submit for CCC's approval any such agency agreement entered into between the LSA and producer.

8. The LSA will not pool the producer's cotton for the purpose of obtaining loans or LDP's from CCC and will not pool the proceeds obtained from loans or LDP's made by CCC or make settlement of loan proceeds with producers on a pool basis.
9. The LSA will not adopt any scheme or device to circumvent the purpose of the applicable commodity program regulations, the regulation governing LSA's, or this agreement.
10. Any charge for marketing services performed by the LSA for a producer requesting CCC cotton loans or LDP's through the service provided by the LSA shall be established by the producer and the LSA prior to execution of a marketing agreement and power of attorney. Any such charge will be assessed at the same rate for all producers for which the LSA performs marketing services.
11. The LSA shall not discriminate against any person because of race, color, religion, sex, national origin, marital status, national origin, physical disability, mental disability, or age in conducting activities in accordance with this agreement.
12. The services of the LSA shall be made available to all eligible producers whether or not such producers have granted the LSA a power of attorney or have designated the LSA as the producer's agent for the purpose of:
- (a) executing loan documents to obtain Form A cotton loans, or LDP's
- (b) repaying such loans on behalf of the producer, or
- (c) marketing the producer's cotton.
13. (a) The LSA shall furnish security to CCC in order to guarantee performance. The security shall be either:
- (i) a certified or cashier's check payable to CCC;
- (ii) an irrevocable commercial letter of credit in the form approved by CCC; or
- (iii) a bond conditioned on the LSA fully discharging all of its obligations under this agreement.

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CCC-912, Agreement of Authorized Loan Servicing Agent (Continued)

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The amount of the financial security shall be equal to an amount, as determined by CCC, by which the number of bales of cotton to be handled by the LSA under this Agreement multiplied by \$10 exceeds the LSA's net worth. In lieu of the foregoing, CCC may at its discretion, accept such other form of security as CCC may deem appropriate.

- (b) The LSA is liable to CCC for any losses incurred by CCC as a result of the LSA's failure to discharge all of its obligations under this agreement. Payment in the amount of such losses shall be made to CCC first, from the financial security furnished by LSA, and second, by the LSA if the amount of the loss exceeds the amount of the financial security.
- 14. The LSA shall maintain, for a period not less than six (6) years following loan closure (repayment or forfeiture) or LDP, current and complete records with respect to executed loan and LDP documents required by this agreement.
- 15. The LSA shall permit CCC or its representatives to examine the books, loan records, papers, and accounts relating to the activities of the LSA in connection with the making and servicing of CCC cotton loans or LDP's any time during normal business hours. Examination and inspections made by CCC or by a Federal, State, or other body authorized by CCC shall, however, in no way relieve the LSA of its obligations under the terms and conditions of this agreement.
- 16. No information collected or acquired by the LSA in its capacity as agent of CCC shall be released, supplied, or made available, without prior approval of CCC, to any person other than CCC or the person who supplied such information.
- 17. (a) An LSA shall, upon the request of CCC or its representatives, furnish a current financial statement prepared in accordance with generally accepted accounting principles and including the items listed below:
  - (i) balance sheet;
  - (ii) income statement (profit and loss statement);
  - (iii) cash flow statement; and
  - (iv) statement of retained earnings.
- (b) Each financial statement shall be accompanied by a report of audit or review conducted by an independent Certified Public Accountant in accordance with standards established by the American Institute of Certified Public Accountants. The accountant's report of audit or review shall include the accountant's certifications, assurances, opinions, comments and notes with respect to such financial statements.
- 18. The LSA shall hold CCC harmless from any claim made against CCC in connection with any loan or LDP making, loan servicing, or other activity carried out by the LSA which is not in accordance with the terms and conditions of this agreement.
- 19. (a) This agreement may be terminated by either party at any time upon 30 days notice to the other party.
- (b) CCC may terminate this Agreement without providing 30 days notice if CCC determines that the LSA has failed to meet the terms and conditions of this Agreement.

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CCC-912, Agreement of Authorized Loan Servicing Agent (Continued)

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- (c) Termination of this agreement by either party is without prejudice to any rights of a party against the other under this agreement arising from a party's failure to meet the terms and conditions of this Agreement.
- (d) If the LSA sends a notice of termination to CCC or receives a notice of termination from CCC, the LSA shall immediately cease the execution of loan or LDP documents.

20. Member Delegate - Unless exemption by 41 U.S.C. 22, no member or Delegate to Congress, or resident commissioner, shall be admitted to any share or part of this agreement or to any benefit arising from it. However, this provision does not apply to this agreement to the extent that this agreement is made with such persons in their capacity as producers of agricultural commodities or with a corporation for its general benefit.

**IT IS FURTHER AGREED** that this Agreement does not render the LSA a Federal employee. It is agreed that this Agreement will become effective upon execution by CCC and will remain in effect until terminated.

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed on the date set forth above.

**COMMODITY CREDIT CORPORATION**

By \_\_\_\_\_ Date: \_\_\_\_\_  
(Signature of Contracting Officer)

By \_\_\_\_\_ Date: \_\_\_\_\_  
(Signature of Authorized Loan Servicing Agent)

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotype, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.



CCC-601, Commodity Credit Corporation Note and Security Agreement Terms and Conditions

The following is an example of CCC-601.

REPRODUCE LOCALLY. Include form number and date on all reproductions.

Form Approved - OMB No. 0560-0087

CCC-601  
(06-23-98)

U.S. DEPARTMENT OF AGRICULTURE  
Commodity Credit Corporation

COMMODITY CREDIT CORPORATION  
NOTE AND SECURITY AGREEMENT TERMS AND CONDITIONS

1. GENERAL.

(a) **Definitions.** The following definitions shall apply to this form, CCC-601, and any appendix thereto.

- (i) "**Amount Due**" means that amount of the loan due CCC on the maturity date which is (A) the sum of: (1) the total loan amount; (2) any applicable charges; and (3) for loans **disbursed by CCC-184**, interest which has accrued on such amounts computed on a daily basis from the date of disbursement to, but not including, the date of repayment; and (4) for loans **disbursed by Electronic Funds Transfer (EFT)**, interest which has accrued on such amounts computed on a daily basis from the date of disbursement to, but not including, the second day before the date of repayment (7 CFR Part 1405), or (B) at CCC's discretion, an amount that is less than the sum of the amount of the loan principal plus charges and applicable interest. (C) However, for a CCC commodity loan **disbursed by CCC-184** and that has a total aggregate principal amount of \$500,000 or more, interest, if applicable, shall be calculated when repaid by: (i) wire transfer, on a daily basis from the date of disbursement to, but not including, the second day before the date of repayment; or (ii) other than a wire transfer, on a daily basis from the date of disbursement through the day after the date of repayment. (D) For a CCC commodity loan **disbursed by EFT** and that has a total aggregate principal amount of \$500,000 or more, interest, if applicable, shall be calculated when repaid by: (i) wire transfer, on a daily basis from the date of disbursement to, but not including, the second day before the date of repayment; or (ii) other than a wire transfer, on a daily basis from the date of disbursement to, but not including, the date of repayment.
- (ii) "**CCC**" means the Commodity Credit Corporation.
- (iii) "**Collateral**" means the commodity described in the Note which has been pledged as security for a CCC loan.
- (iv) "**Note**" means any CCC Note and Security Agreement which by reference incorporates this form.
- (v) "**Regulations**" means the regulations in Title 7 of the Code of Federal Regulations which are applicable to the crop of the commodity described in the Note.
- (vi) "**Schedules of Premiums and Discounts**" means the premiums and discounts established by CCC which are applicable to the grade of the commodity as determined from the grading factors reflected on a: (A) warehouse receipt or (B) Federal Grain Inspection Service official grading certificate. These premiums and discounts shall be used in the settlement of a nonrecourse loan if the producer does not repay the loan as required by the program regulations. Copies of the schedules of premiums and discounts are available in State or county Farm Service Agency offices.
- (vii) "**Total Loan Amount**" means the amount so identified in the Note.
- (viii) "**Loan Service Fee**" means the service fee deducted at loan disbursement and is calculated as follows: (A) for wheat, feed grains, oilseeds, peanuts, rice, and seed cotton, the smaller of  $\frac{1}{4}$  of 1 percent (.005) times the gross loan amount or \$45 per loan plus \$3 for each storage structure, warehouse receipt, rick or module, as applicable, over 1; (B) for ginned cotton, the smaller of  $\frac{1}{2}$  of 1 percent (.005) times the gross loan amount or \$7.50 per loan plus 90 cents for each bale; (C) for sugar, \$60 per loan; and (D) for distress loans, \$45 per loan.
- (ix) All other words and phrases shall have the meanings assigned to them in the regulations found at 7 CFR Parts 718, 1400, 1403, 1421, 1425, 1427, and 1435.

(b) **Joint and Several Liability.** Each producer signing the Note is jointly and severally liable for payment of the amount due.

(c) **Notification.** Several of the terms and conditions of the Note require the producer to notify CCC of actions to be taken by the producer. Any such notification must be made by notifying a representative of CCC at the Farm Service Agency county office that prepared the Note. All notices which CCC must provide to the producer will be mailed to the producer at the address maintained by that office. The producer will be deemed to have received such notice upon deposit, as first class or priority mail, in the U.S. Mail.

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CCC-601, Commodity Credit Corporation Note and Security Agreement Terms and Conditions  
(Continued)

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- (d) **Applicable Sections.** Except as may otherwise be stated herein: (i) Sections 1 through 3, 5 through 8 and 12 are applicable to all loans; (ii) Section 4 is only applicable to nonrecourse loans; (iii) Section 9 is only applicable to farm-stored nonrecourse loans; (iv) Section 10 is only applicable to warehouse-stored nonrecourse loans; (v) Section 11 is only applicable to recourse loans.
- (e) **Applicable Regulations.** The Note evidences a CCC loan made in accordance with Title 7 of the Code of Federal Regulations. Applicable parts of Title 7 of the Code of Federal Regulations are incorporated by reference as a part of the Note.
2. **EQUAL OPPORTUNITY.** Participation in CCC Programs is open to all eligible applicants without regard to race, color, religion, national origin, age, sex, marital status, or disability.
3. **LOAN MATURITY.** The Note will mature at the earlier of the maturity date stated in the Note or any earlier date determined by CCC. If CCC makes demand for payment before the stated maturity date, the producer will be notified in writing of the accelerated maturity date.
4. **LIQUIDATION OF NONRECOURSE LOANS.** On or before the loan maturity date, the producer may repay the loan by paying the amount due. If the producer repays the loan at a rate less than the sum of the loan principal plus charges and interest, the producer must provide to CCC evidence of production of the commodity which had been pledged as collateral for the loan. In lieu of repayment of the amount due, the producer may, in accordance with Sections 9 and 10, deliver the collateral to CCC. In the case of farm-stored loans, the producer shall bear all expenses of the delivery of the collateral to the delivery point stated in the delivery instructions issued by CCC. The producer will pay to CCC any costs incurred by CCC if the producer fails to deliver the collateral in accordance with such instructions. In no event will CCC pay to any party any amount which is received from the sale of the collateral if the sales proceeds are in excess of the amount required to settle the loan based on the quantity and quality of the commodity delivered to CCC as determined in accordance with the schedule of premiums and discounts. CCC will reimburse the producer for receiving charges paid by the producer to the warehouse upon delivery of the loan collateral except: (i) such payment by CCC will not exceed the receiving charge which CCC has agreed to pay to the warehouse; and (ii) no payment shall be paid by CCC if the warehouse has paid a premium to the producer for delivery of the loan collateral to the warehouse. If the producer has not paid such charges to the warehouse, the producer agrees to assign such payment to the warehouse and CCC shall issue such payment to the warehouse for the producer's account.
5. **WAIVER OF PRESENTMENT.** The producer waives presentment for payment, demand, protest, notice of protest, and notice of non-payment of the Note.
6. **COLLATERAL.** The kind, class, type, and quantity of the commodity which has been pledged by the producer as collateral for the satisfaction of the loan is described in the Note. With respect to farm-stored loans, the collateral consists of the entire quantity of the commodity which is stored as identified in the Note and any authorized replacement of such quantity. With respect to warehouse-stored loans, the collateral consists of the commodity represented by the warehouse receipts identified in the Note and any required supporting documents.
7. **PRODUCER'S RESPONSIBILITY.**
- (a) **General.** The producer must be in compliance with all applicable program requirements and must have beneficial interest in the commodity pledged as collateral for the loan.
- (b) **Liens.** The producer must pledge commodities which are eligible for loan and which are free and clear of all liens, security interests, and other encumbrances. No additional liens or encumbrances shall be placed on the loan collateral after the loan is approved.
- (c) **Movement of Collateral.** The producer will not move any collateral from the location stated in the Note without prior written approval of CCC and then only in accordance with instructions issued by CCC. If such movement is not completed as instructed by CCC and the producer's movement of loan collateral prevents CCC from obtaining a first lien on such collateral or the collateral is disposed of, CCC may at its discretion call the loan, assess liquidated damages as specified in Section 7(f), and take other administrative actions, as determined appropriate by CCC, including denial of future farm-stored loans.
- (d) **Access to Collateral.** The producer will allow CCC to enter the premises and inspect the collateral. In the case of high moisture collateral stored in oxygen-limiting structures, the producer must open the facility when requested by CCC to permit inspection of the collateral. If safe access to the collateral is not provided or if the inspection cap on the facility is not opened to permit visual inspection of the collateral, the loan will be called.
- (e) **Certification.** When the producer certifies to the quantity of the commodity to be pledged as collateral for a loan, the producer must provide an accurate certification of such eligible quantities. If CCC determines that the producer has filed an incorrect certification of such eligible quantity, CCC may at its discretion call the loan, assess liquidated damages, as

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specified in Section 7(f), and take other administrative actions, as determined by CCC, including denial of future farm-stored loans.

- (f) **Liquidated Damages.** If CCC determines that the producer has violated provisions of Sections 7(c), 7(e), or 8(a), liquidated damages may be assessed on the quantity of the commodity which is involved in the violation. For each violation, CCC will review the actions of the producer to determine if the producer acted in good faith to comply with such provisions.
- (i) If CCC determines that the producer acted in good faith, liquidated damages may be assessed by multiplying the quantity involved in the violation by: (A) 10 percent of the loan rate for the first offense; or (B) 25 percent of the loan rate for the second offense. The producer shall pay such liquidated damages plus the principal amount of the loan and charges plus interest with respect to the quantity involved in the violation, within 30 days of notification by CCC, or CCC will call the loan involved in the violation.
- (ii) If CCC determines that the producer did not act in good faith with regard to the violation, or for cases other than the first or second offense, CCC will call the loan involved in the violation and may assess liquidated damages computed by multiplying the quantity involved in the violation by 25 percent of the loan rate. The producer shall pay such liquidated damages plus the principal amount of the loan and charges plus interest.

**8. LIABILITY OF PRODUCER.**

- (a) **Fraud or Conversion.** If the producer has made a fraudulent representation in obtaining the loan or has engaged in or aided in the conversion of the collateral, the producer will be liable for the amount of the loan, for any additional amounts paid to the producer, and for all costs which CCC would not have incurred had it not been for the fraudulent representation or conversion, plus interest on such amounts. In addition, CCC may assess liquidated damages, as specified in Section 7(f), and take other administrative actions, as determined by CCC, including denial of future farm-stored loans.
- (b) **Poisonous Substances and Contamination.** The producer will be liable for any damage resulting from tendering to CCC any commodity, whether or not accepted by CCC, containing mercurial compounds, toxin producing molds or other substances poisonous to humans or animals.
- (c) **Over-disbursement or Under-collection.** If the amount disbursed under the Note exceeds the amount authorized by the applicable regulations or a repayment made by the producer is insufficient to repay the amount due, the producer will be liable for repayment of such amounts and charges, if any, plus interest.
- (d) **Claims.** If the producer fails to settle the loan within 30 calendar days from the maturity date of the loan, or such other date as CCC may agree to, a claim for the amount due will be established in accordance with applicable statutes and regulations.
- (e) **Ineligible Commodities.** If at any time CCC determines that the commodity pledged as collateral is ineligible to be pledged as collateral for the loan, the producer shall be liable for the amount of the loan or if the producer repaid the loan at a rate less than the sum of the loan principal plus charges and interest for the ineligible quantity, the producer must repay to CCC the difference between such sum and the repayment amount, plus interest on such amounts. If the producer has received credit from CCC for storage, such amount must also be repaid. Ineligible commodities may not be delivered to CCC in satisfaction of the amount due, except as may be determined by CCC. If CCC allows the producer to deliver the commodity to CCC in satisfaction of the amount due, the value of the commodity shall be determined as specified in Section 11 (g).

**9. FARM-STORED NONRECOURSE LOANS.**

- (a) **General.** This section is applicable to a loan which is made with respect to collateral which is stored in CCC-approved storage under the control of the producer and not in a public warehouse.
- (b) **Loss or Damage to the Commodity.** The producer is responsible for any loss in quantity or quality of the commodity pledged as collateral for a farm-stored loan. CCC shall not assume any loss in quantity or quality of the loan collateral for farm-stored loans.
- (c) **Settlement.** (i) If the producer elects to deliver the collateral to CCC in satisfaction of the amount due in accordance with Section 4, CCC will not accept delivery of any quantity of commodity in excess of 110 percent of the eligible outstanding loan quantity, at time of settlement, as determined by CCC. If a quantity in excess of the eligible quantity is included on the warehouse receipt tendered to CCC for such delivery, the producer shall provide for the correction of such warehouse receipt and other applicable documents. If the producer does not take action to correct such warehouse receipt, CCC shall provide for such corrected documents and any charges incurred by CCC shall be for the account of the producer. The collateral shall be delivered in bulk form except as determined by CCC. If the loan collateral is delivered to CCC in

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satisfaction of the amount due, in accordance with Section 4, the value of the collateral for purposes of settlement will be determined using the applicable schedules of premiums and discounts on the basis of the quality of the collateral for the quantity which is delivered to CCC. (ii) Settlement of corn which is collateral will be made on a shelled corn basis. (iii) The producer is responsible for any loss in quantity or quality of the collateral. If the value of the collateral at settlement is less than the amount due, the producer will pay to CCC the amount of such deficiency and charges, plus interest on such deficiency from the date of disbursement. (iv) If the value of the collateral at settlement is greater than the amount due, such excess will be retained by CCC and CCC will have no obligation to pay such amount to any party. (v) If at any time prior to the maturity date of the loan the collateral can no longer be properly stored due to deterioration or for any other reason, the producer may authorize CCC to sell such collateral on behalf of the producer. (vi) Title to the collateral will vest in CCC only after delivery of the collateral to CCC in accordance with Section 4.

**10. WAREHOUSE-STORED NONRECOURSE LOANS.**

- (a) **General.** This section is applicable to a loan which has been made with respect to eligible commodities pledged as loan collateral which is stored in a warehouse approved by CCC.
- (b) **Rights of CCC.** At any time prior to the date CCC takes title to the collateral or the date the producer redeems such collateral, in order to protect its interest, CCC may move the collateral from one storage location to another storage location or otherwise handle the collateral including the compression of cotton. Any charges incurred by CCC as the result of such action will be paid by the party redeeming such collateral.
- (c) **Settlement.** (i) If the producer elects to forfeit the collateral in satisfaction of the amount due in accordance with Section 4, the value of the collateral for purposes of settlement will be determined using the applicable schedules of premiums and discounts on the basis of the weight, grade, and other quality factors stated on the warehouse receipt or supporting documents. (ii) The producer is responsible for any loss with respect to the quantity or quality of the collateral to the extent that such loss is caused by action or inaction of the producer. If the producer is responsible and, the value of the collateral at settlement is less than the amount due, the producer will pay to CCC the sum of the amount of such deficiency plus charges, and interest which has accrued on such deficiency from the date of disbursement. (iii) If the value of the collateral at settlement is greater than the amount due, the amount of such excess will be retained by CCC and CCC will have no obligation to pay such amount to any party. (iv) Title to the collateral will vest in CCC on the day following the loan maturity date.
- (d) **Cotton Loan Settlement.** If the producer elects to forfeit either upland cotton or ELS cotton loan collateral to CCC in satisfaction of the amount due in accordance with Section 10(a), the producer shall pay to CCC: (at rates that are specified in the storage agreement between the warehouse where the cotton is stored and CCC) (i) all warehouse storage charges associated with the forfeited cotton that accrued before the cotton was pledged as collateral for the loan; and (ii) any accrued warehouse receiving charges associated with the forfeited cotton, including, if applicable, charges for new bale ties.

**11. RECOURSE LOANS.**

- (a) **General.** CCC may make recourse loans available to eligible producers of high moisture corn, high moisture grain sorghum, seed cotton, sugar, and other commodities, as determined by CCC. If such loans are available, the producer is liable for the entire amount due and may not deliver the collateral to CCC in satisfaction of the amount due, except as may be determined by CCC.
- (b) **Availability of Nonrecourse Loans.** In limited circumstances, CCC may allow the producer to pledge as collateral for a nonrecourse loan the commodity which has been previously pledged as collateral for a recourse loan. The maturity date for such loans shall be as determined by CCC. If this option is made available by CCC, the producer must immediately repay the entire amount due under the recourse loan.
- (c) **Loss or Damage to the Commodity.** The producer is responsible for any loss in quantity or quality of the commodity pledged as collateral for a farm-stored loan. CCC shall not assume any loss in quantity or quality of the loan collateral for farm-stored loans.
- (d) **High Moisture.** Producers of corn and grain sorghum who normally harvest all or a portion of their crop in a high moisture condition may obtain recourse loans from CCC. High moisture means moisture content in excess of: (i) for corn, 15.5 percent; and (ii) for grain sorghum, 14.0 percent. Producers of such high moisture commodities who deliver such commodities to a feedlot, feed mill, or commercial or on farm high moisture storage that does not meet CCC's requirements for approved storage may acquire, in the same county, a like quantity of such commodity to replace the applicable quantity of high moisture feed grains to obtain a loan. Such producers must: (i) complete the applicable CCC forms; and (ii) provide to CCC: (A) certified scale tickets which adequately describe the commodity, the weight of the commodity and the moisture content of the commodity; or (B) if such scale tickets are not available, measurements of the high moisture feed grain made while the commodity was in the field or in storage. Such loans will be made on a quantity

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of feed grains of the same crop acquired by the producer equivalent to a quantity not to exceed the quantity determined by multiplying: (i) the acreage of the feed grain in a high moisture condition harvested on the producer's farm; by (ii) the lower of the farm program yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which such high moisture feed grains were obtained.

- (e) **Seed Cotton.** The producer may, prior to the maturity date, with the written approval of CCC move seed cotton from the location where stored to a gin in order to gin such cotton and sell the cottonseed obtained therefrom. (i) If prior to the maturity date the amount due has not been paid, the producer will pay to CCC an amount equal to the proceeds obtained from the sale of the cottonseed and the lint cotton or, if a loan or loan deficiency payment is made by CCC with respect to the lint cotton, CCC will deduct the amount due from any such proceeds which are disbursed. (ii) If prior to the maturity date the amount due has not been paid or the collateral has not been ginned, the producer must, as instructed by CCC, move the collateral to a gin at the producer's expense. If the producer fails to move the collateral as instructed by CCC, CCC may enter the premises and remove, gin, and sell the collateral. Any proceeds from the sale of the collateral will be retained by CCC and applied to the amount due. (iii) If the amount due has not been paid and warehouse receipts have been issued with respect to lint cotton obtained from the collateral, the producer will deliver the receipts to CCC or allow CCC to obtain from any person such receipts. CCC may sell such cotton, if the amount due has not been paid by the maturity date.
- (f) **Discretionary Loans.** Commodities which are pledged as collateral for a non-recourse loan as provided in Sections 9 and 10 but which are determined to be ineligible to be pledged as collateral for such a loan due to the quality of the commodity or other factors affecting value of the commodity; or the storage of the commodity is unapproved storage, may, at CCC's sole discretion, be pledged as collateral for a recourse loan.
- (g) **Settlement.** (i) If CCC allows the producer to deliver to CCC in satisfaction of the amount due the quantity of the collateral which is described in the Note, the value of the collateral for purposes of settlement will be equal to the proceeds received from the sale of the commodity. Title to the collateral will vest in CCC only after delivery of the collateral to CCC in accordance with Section 4. (ii) The producer is responsible for any loss with respect to the quantity and quality of the collateral. If the value of the collateral at settlement is less than the amount due, the producer will pay to CCC the amount of such deficiency plus charges, and applicable interest with respect to such deficiency from the date of disbursement. (iii) If the proceeds received from the sale of the commodity are greater than the sum of the amount due plus any costs incurred by CCC in conducting the sale of the commodity, the amount of such excess will be paid to the producer or, if applicable, to any secured creditor of the producer.

## 12. ADMINISTRATIVE AND JUDICIAL REVIEW.

The producer may obtain an administrative hearing in accordance with 7 CFR Part 780 with respect to a dispute arising between CCC and the producer concerning the Note, and must exhaust such administrative remedy prior to initiating a judicial action in a court of competent jurisdiction.

**NOTE:** The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the information to be supplied on this form is the Federal Agriculture Improvement and Reform Act of 1996, and the Commodity Credit Corporation Charter Act, as amended. The information on the attached Note and Security Agreement will be used to determine eligibility and the amount of program benefits. The information may be furnished to other USDA agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to orders of a court magistrate or administrative tribunal. Furnishing the requested information is voluntary; however, failure to furnish the correct complete information will result in a determination of ineligibility for program benefits. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to information provided by the producer on this form.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0087. The time required to complete this information collection is estimated to average 21 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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**Certification of No Contract**

The following is an example of an option to purchase and sales contract certification.

**REPRODUCE LOCALLY**

**OPTION TO PURCHASE AND SALES CONTRACT CERTIFICATION**

LDP Number \_\_\_\_\_

Loan Number \_\_\_\_\_

*The undersigned producer(s) ("Producer") has requested a loan or loan deficiency payment (LDP) from the Commodity Credit Corporation (CCC). With respect to the commodity which will be the subject of such loan or LDP, the Producer certifies that; (1) the Producer has had beneficial interest in the commodity and has not lost such interest before filing the LDP application or loan application; (2) the Producer did not enter into any written option to purchase or any written contract for sale, with respect to the commodity to sell, deliver, or market the commodity, before such loan or LDP was requested; (3) the Producer did not enter into a verbal option to purchase or verbal contract for sale, except as noted below; (4) no payment with regard to such commodity was received before such loan or LDP was requested. The Producer understands that this certification is subject to review by CCC to determine that no option to purchase, contract for sale, or payment was applicable to the commodity. If any option to purchase, contract for sale, or payment is later negotiated while the commodity is pledged for collateral for a loan, the producer agrees to notify the County FSA Office of such event and to provide a copy of such option or contract to the County FSA Office for review. Upon such notification, CCC shall review such option to purchase and contract for sale for a determination of the date beneficial interest would be considered to have been lost. By signing this certification, the Producer warrants and agrees that the making of any fraudulent representation may render the Producer subject to criminal prosecution under Federal law and will result in the refund by the producer of any amounts paid as the result of the fraudulent representation, plus interest.*

*Terms and Conditions of Verbal Contract:*

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
*Signature of Producer*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Signature of Producer*

\_\_\_\_\_  
*Date*

This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability.

